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ABSTRACT

These materials for the curriculum area of economics and managing resources comprise one of six such packages that are part of the Ohio Vocational Consumer/Homemaking Curriculum Guide. The curriculum area or perennial problem taken up in this document is divided into three practical problems about what to do regarding: (1) decision making; (2) resource/product management; and (3) citizen participation. These are further categorized into seven concerns: external and personal factors affecting consumer decisions, financial planning, purchasing, conserving, consumer protection, and consumer responsibilities. Each concern is divided into a number of concepts or modules. This package consists of 25 modules. The format for each module is as follows: code, perennial problem, practical problem, concern/concept, homemaking skills (listing of various skills needed by the homemaker as related to the developed concepts), and a chart relating process skills (steps of practical reasoning), concepts (further breakdown of the topic), and strategies (information and activities that facilitate the teaching/learning of the concepts). In some cases, specific resources are attached; otherwise, teachers may choose their own resources based upon availability and appropriateness to individual classrooms. (YLB)

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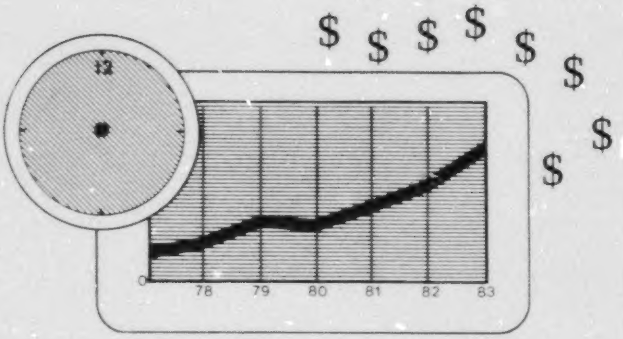
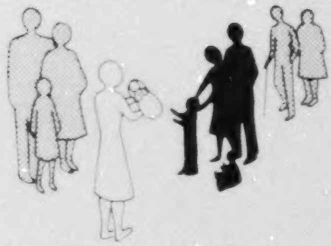
WHAT TO DO REGARDING ECONOMICS AND MANAGING RESOURCES



Economics and Managing Resources

Creating a Living Environment



Nurturing Human Development

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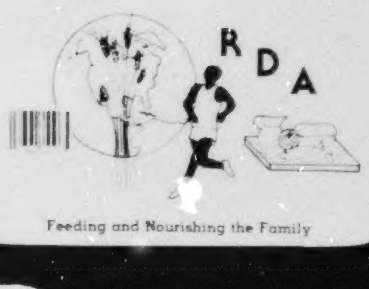
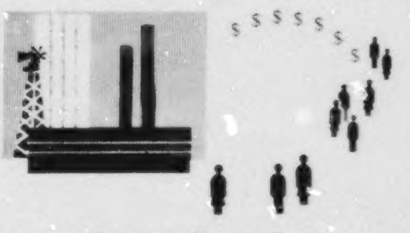


Feeding and Nourishing the Family



Coordinating Work and Family

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INTRODUCTION

Functioning in the marketplace has become a complex process in today's economy. As consumer, producer and citizen, the individual is concerned with economic questions during virtually every hour.

Understanding our economy is vital. Widespread economic literacy is essential if we are to maintain the viability of an economic and political system based on individual freedom and responsibility.

The curriculum addresses economic theory - macroeconomic/microeconomic issues and applied economics - financial planning and consumer decisions. The economic problems presented in the curriculum include those of interest to students as adolescent consumers and those they will face in the future as producers/consumers/citizens.

The practical reasoning approach brings an appropriate process for students to explore the many decisions to be made. Students can be encouraged to be a prosumer who asks, "What is best for me, my family and society?" while looking at all sides of the issue (producer, consumer, government, financial institution , foreign trade).

Special acknowledgements are due to the following for their leadership and guidance in incorporating economic concepts:

Mr. Donald G. Fell, President
Ohio Council on Economic Education

Ms. Sue Saravalli, Teacher
Vocational Home Economics
Springfield City Schools

Dr. George M. Vredeveld, Director
Greater Cincinnati Center for Economic Education

HOMEMAKING SKILLS

Homemaking skills which are essential for performance of the following homemaking tasks are developed in the modules in Economics and Managing Resources.

Managing Money

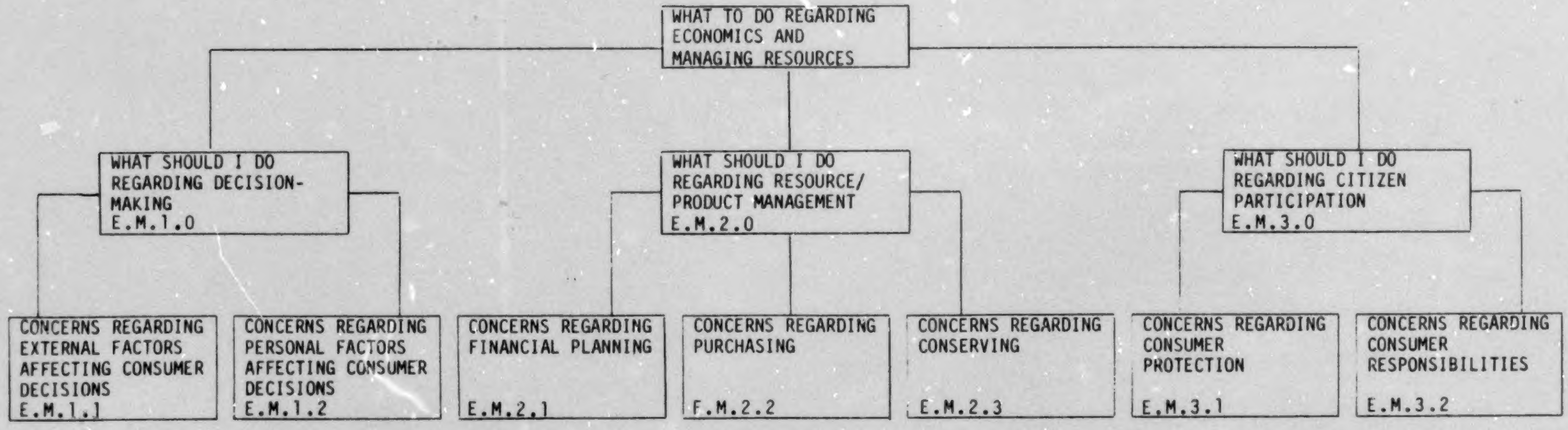
- Balance checkbook
- Collect information about new products
- Develop a budget based upon income
- Develop a savings plan
- Develop and maintain an accounting and filing system
- Establish and maintain a sound insurance program
- Include family members in financial decisions
- Pay bills
- Prepare estate planning information sheet and update regularly
- Provide a will and update regularly
- Read and interpret contracts before signing
- Regulate cash flow to meet payments
- Seek legal advice
- Set goals and priorities for use of money
- Shop for goods and services
- Use credit

Providing Transportation

- Budget for variable and fixed transportation costs
- Check the oil in vehicle
- Drive a vehicle
- Equip vehicle for possible emergency
- Fill vehicle with proper grade of fuel
- Identify signs of vehicle malfunction
- Provide for regular vehicle maintenance
- Select a vehicle
- Use mass transit
- Utilize carpools
- Walk whenever possible

Managing Time

- Develop schedule of routine household tasks
- Keep a calendar of activities
- Organize tasks to save time and energy
- Plan time alone with spouse
- Plan and coordinate family activities
- Provide time for self
- Set priorities for use of time


WHAT TO DO REGARDING ECONOMICS AND MANAGING RESOURCES
WHAT SHOULD I DO REGARDING DECISION-MAKING E.M.1.0
WHAT SHOULD I DO REGARDING RESOURCE/ PRODUCT MANAGEMENT E.M.2.0
WHAT SHOULD I DO REGARDING CITIZEN PARTICIPATION E.M.3.0
CONCERNS REGARDING EXTERNAL FACTORS AFFECTING CONSUMER DECISIONS E.M.1.1
CONCERNS REGARDING PERSONAL FACTORS AFFECTING CONSUMER DECISIONS E.M.1.2
CONCERNS REGARDING FINANCIAL PLANNING E.M.2.1
CONCERNS REGARDING PURCHASING F.M.2.2
CONCERNS REGARDING CONSERVING E.M.2.3
CONCERNS REGARDING CONSUMER PROTECTION E.M.3.1
CONCERNS REGARDING CONSUMER RESPONSIBILITIES E.M.3.2

E.M.1.1

- 1.11* Economic Systems - Macroeconomic Issues
- 1.12 Political Systems
- 1.13 Social Systems
- 1.14 Ecological Influences
- 1.15 Technological Influences

E.M.1.2

- 1.21 Resources
- 1.22 Life Cycle
- 1.23 Economic Needs/Wants/ Values

E.M.2.1

- 2.11* Obtaining
- 2.12* Spending
- 2.13* Borrowing
- 2.14* Saving
- 2.15 Investing
- 2.16* Protecting/ Insurance
- 2.17* Taxpaying

F.M.2.2

- 2.21e Shopping Decisions
- 2.22 Markets

E.M.2.3

- 2.31 Diminishing Resources
- 2.32 Product Substitution
- 2.33 Personal Family Resources

E.M.3.1

- 3.11 Consumer Rights and Responsibilities
- 3.12 Consumer Assistance
- 3.13 Consumer Law

E.M.3.2

- 3.21 Consumer Assertiveness/ Organization
- 3.22 Consumer Representation/ Participation

PERENNIAL PROBLEM What To Do Regarding Economics And Managing Resources

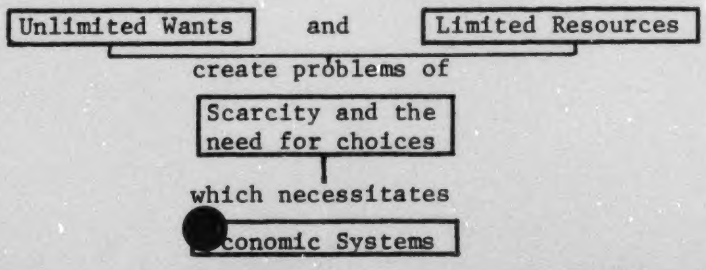
PRACTICAL PROBLEM What Should I Do Regarding Decision Making?

CONCERN/CONCEPT External Factors Affecting Consumer Decisions/Economic Systems - Macroeconomic Issues

HOMEMAKING SKILLS

- Identify types of economic systems
- Identify scarce resources
- Analyze opportunity costs

PROCESS SKILLS	CONCEPTS	STRATEGIES
MOTIVATIONAL ACTIVITY		Find newspaper/magazine clippings related to economics for bulletin board. Discuss how these impact on people's lives. Using resources, define economics. Individually write a response to the question: Should I be concerned about economics? Ask your parents or other adults to respond to this question. Share with class.
	Economic wants	What would you like to buy that you are unable to purchase? Why can't you buy everything?
	Economic terms --opportunity costs	Using resources, define scarcity (total economic wants exceed available resources) and opportunity cost (for the producer--opportunity cost is what is given up when decisions are made to use a scarce productive resource to produce particular goods and services; for the consumer--opportunity cost is what is given up when action is taken [a purchase]).
PROBLEM		Read each of the five situations. --You have saved $60. You would like to buy a pair of roller skates with specially attached boots, but you also need a jacket and sweater. The $60 will only be enough to buy either the skates or the jacket and sweater.

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Economic terms --opportunity costs (continued)	--You are the fire chief in a small town of 20,000. There are only enough fire engines to fight one major fire. Unluckily, two major fires break out at once. The fire department of the nearby town that usually helps you out is engaged in fighting a fire. --You are the manager of a supermarket. Lots of consumers are waiting to be checked through two different lines, but you have only one packer. --You have a busy job and hire someone to mow your lawn. --You have been given a free ticket to a baseball game or King's Island. Discuss the following questions for each situation. --What resource is scarce? (Money or income, fire engines, labor, time, energy.) --What decisions must be made for using the resource? (Which item to buy, which fire is more important, which line to help, who should mow the lawn, which activity?) --What is the opportunity cost? (The thing(s) not purchased, not being able to extinguish one of the fires, customer inconvenience.)
	Scarcity	Do a scarcity diary for a week. Record source of information and scarcity. (Newspaper—too few physicians; radio—not enough rain for farmers; wages paid to mower, activity not chosen.) Do *Musical Chair Scarcity activity to demonstrate the role of scarcity in economic systems. Individually write a paragraph illustrating the following chart.  Unlimited Wants and Limited Resources create problems of Scarcity and the need for choices which necessitates Economic Systems

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Types of economic systems	Read *The Economic Problem. Develop definitions of the three types of economic systems. --Tradition--(People generally repeat the decisions made at an earlier time or by an earlier generation.) --Command--(Decisions are made largely by an authority and then passed down to the people who must accept them.) --Market--(All persons participate by registering their desires by choosing products/services in the market. Individuals decide what should be produced and how to produce it.) Do *Types of Economic Systems activity. For each type identify underlying goals and values.
5. GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES SELF FAMILY SOCIETY	Economic goals	What do economic goals include? --Freedom (of consumers to choose, to establish business, to invest or save) --Efficiency --Equity --Full employment --Price stability --Security --Growth Which action illustrates each goal? --Purchases an insurance policy (security). --Shops in various stores for groceries (freedom). --Invests savings in stocks (growth). --Announces new company pension plan (security). --Company installs robots on assembly line, reducing production costs (efficiency). --School lunches are priced on sliding scale so students from families with low income pay less (equity). --Price of gasoline remains same for a year (price stability). --Gross National Product increases (growth). --A large company is rehiring all its laid-off employees (full employment). Add additional actions for each goal by reflecting on how this affects self, family, society. IEE--Develop notebook of newspaper articles related to the economy. For each article, note how the economic problem affects individuals and families.

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MUSICAL CHAIRS SCARCITY

Concept: To illustrate the role of scarcity in economic systems.

Objective: To possess a product each time the stop signal is given.

PART 1

Directions:

1. Students sit in a circle and play musical chairs.
2. Distribute an insufficient number of products (apples, pencils, etc.) to the group.
3. As an agreed-upon signal (music, bell) sounds to begin, each student with a "product" will pass it to the person on left.
4. As soon as the signal sounds again, all passing stops.
5. Those who do not have a "product" are penalized 10 points.
6. Those who have products each time are awarded 10 points.
7. The student with the highest number of points after the agreed-upon number of rounds is the winner.
8. After playing, answer these questions individually or as a group.

Questions:

--How did you feel when you were left with no "product"?
--How did you feel when you had a "product" but were afraid the signal would ring as you passed the "product" and no longer had one?
--When someone failed to pass the "product" freely, hanging on to the "product" to the very last moment, how did you feel about them?
--Compile a list of some responsibilities the individual has toward the group (society).
--List some responsibilities society (the group) has toward the individual.
--Identify with a term what was happening in the game as it applies to society and economics (scarcity).
--If we compared the working of this game to the working of an economy, what factors might we list?

EXAMPLE:
scarcity
self-interest
fear
frustration
helplessness
commitment of some of the group to keep going
lack of commitment on the part of some

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PART II

Directions:

1. Play the game again, but this time give students play money by drawing from a bag a "pay envelope" containing varying amounts of play money. Each envelope will be identified with the name of an occupation--some unskilled, some requiring further training and education.
2. During this round after the stop signal sounds, students have 30 seconds to bargain for a product.
3. This time the teacher will play (but not bargain) and each time the teacher is left with a product, he/she removes it from the "economy," thus reducing supply.
4. After several rounds, ask these additional questions:

    --What happened when there was money to spend? (competition, demand)
    --As the rounds progressed, what happened to the number of products? (supply reduced)
    --What happened to the "cost" of the remaining supply? (cost was higher)
    --Identify, with terms, what was happening in the game as it applies to society and economics. (supply, demand, price or cost, scarcity)
    --What implications do you see from the amount of money you received in your "pay envelope"?
    --What "roles" related to the economy did the individual play? (consumer, producer)
    --Since the teacher made the rules of the game, what was his/her position in the economy?
    --Were there rules of the game you might like to have changed?
    --What role would you have been playing had you been able to help make the rules of the game? (citizen)

THE ECONOMIC PROBLEM

...[Much] economics grows out of one simple but powerful fact: There is never enough of everything to go around. For this reason, the study of economics focuses upon the concepts of scarcity and choice. Every society must find a way to divide what it has among what it needs. This generalization applies to such varied goods and services as food, shelter, transportation, and medical care.

The world's poorest societies face scarcity in its most severe form. Anyone living in an underdeveloped country where a typical person's income may average less than $100 a year knows that he cannot have everything he wants. The same point applies, however, to the governments and people of rich societies, such as...the United States. The United States may have to choose between trips to the moon and a clean environment. A rich family in the United States may have to choose between an expensive automobile and a vacation in Europe....

Economies Along Spectrums

Throughout history, people have developed many ways of organizing a society to decide what, how, and for whom to produce goods and services. Different values, backgrounds, and geography have produced a wide variety of economies. Out of this variety, however, three general types or categories of economic systems can be identified--traditional, command, and market.

The oldest of these systems is the traditional economy.... Such systems answer the what, how, and for whom questions largely according to what was done in the past. They stress the old ways, not new ways or progress. People in these societies would be puzzled by the emphasis which [many modern] economies...place on constant change and improvement.

A second group, nearly as ancient as the first, includes the command economies. Rulers run these economies from above. The commands of these rulers determine the answers to key economic questions. In the past, and in a few modern societies, the command economies have often preferred old, set ways of doing things. In that respect, they resemble traditional economies. But today many nations with command economies, such as the Soviet Union and China, stress progress.

A third group, only a few centuries old, contains the market economies... [T]hey include some of the wealthiest economies the world has yet seen, such as the United States and Canada. Like the newer command economies. they emphasize progress and change. For the most part, the buying and selling activities of private citizens answer the what, how, and for whom questions in market economies. Citizens sell their labor to one another for whatever price they can get. Then they use the proceeds to buy whatever they want and can afford. Therefore, unlike a command economy, the general public--not the rulers--decides what should be produced or how to produce it.

Source: Joint Council on Economic Education Curriculum Materials.

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Each of the three types of economic systems has been described very simply here. Moreover, when you try to put the world's economies into one of these three groups, you will find that no economy fits exactly into place. Although the United States serves as an example of a market economy, it has elements of...traditional economic systems. For example, ...some individuals, almost without giving it another thought, go into the same line of work as their fathers or mothers. [In many instances, women do not yet receive as much pay as men for equal work.]

[T]he Soviet command economy has some elements of a market system. Some farmers on collective or state farms sell parts of what they raise for whatever they can get in the market. Likewise, the Soviet system has elements of a traditional economy. The long history of the Soviet people still influences the country today. Yet, for the most part, the Soviet economy operates on commands from the central government....

No economy is fully a traditional, command, or market economy. Each has traces of all three systems.

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TYPES OF ECONOMIC SYSTEMS

Below are statements describing various economic actions. In the space provided, label or classify each statement according to whether you think it is typical of a traditional economy (T), a command economy (C), or a market economy (M).

____ 1. "On the farms, the working day lasts from before sunrise until dusk or dark. As they have done for centuries, women follow the reapers and binders on foot to gather the gleanings from the fields...."

____ 2. "The problem of finding skilled workers was immense. There were simply not enough trained men available. His competitors were fighting for their share of the labor supply. [He] decided to introduce a five-dollar-a-day minimum wage. The new minimum more than doubled the existing wage...."

____ 3. "The practice of giving certain industries [first call on scarce materials] has brought more rapid overall economic growth than otherwise might have been possible."

____ 4. "The proclamation of the [head of state] declared that no banking operations should be carried on throughout the country until further notice."

____ 5. "The [people being studied] were still living on seal meat and were making no attempt to kill any of the numerous caribou that were continually migrating past. I thought at first that there might be some taboo preventing them from hunting caribou on ice, but this they told me was not so. It was simply that they had never hunted caribou on the ice and had not considered it possible...."

____ 6. "Holding prices in check was difficult. A great burden fell on the Office of Price Administration, created to keep the lid on prices by setting price ceilings on a large list of commodities which were much in demand."

Source: Joint Council on Economic Education Curriculum Materials. Strategies for Teaching Economics: World Studies.

PERENNIAL PROBLEM What To Do Regarding Economics And Managing Resources

PRACTICAL PROBLEM What Should I Do Regarding Decision Making?

CONCERN/CONCEPT External Factors Affecting Consumer Decisions/Economic Systems - Macroeconomic Issues

HOMEMAKING SKILLS

- Explain components of the economic system
- Compare market vs. command economy
- Identify cause and effects of inflation
- Analyze cause and effects of unemployment
- Analyze effects of productivity

PROCESS SKILLS	CONCEPTS	STRATEGIES
MOTIVATION ACTIVITY	Market economy -Supply and demand -Price -Competition -Government regulation	Read and respond to vignette. Bill and Lynn are brother and sister. They both enjoy baking and friends have occasionally asked them to provide baked foods for a special event. They thought they might form a business and work after school and weekends. Using resources, define the following terms and then relate why Bill and Lynn need an understanding of these terms in order to start their business. --Market --Price --Competition --Government regulation
	Supply and demand	Do *News Stories Affect How We Live.
	Products	Using resources, define goods and services. As a class, compile a list of goods and services that were not available ten years ago. What are the advantages and disadvantages of the new products and services?
SELF FAMILY SOCIETY		Consider effects on self, family and society. In what ways does a market economy encourage development of new products?
	Profit	Make two lists, one of facts and one of fallacies regarding profits. Using resources, define profits.

PROCESS SKILLS	CONCEPTS	STRATEGIES
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES	Circular flow	Do *What Is Profit? Do *Money Wheel. In small groups, choose a product and trace through *Circular Flow. What might happen if: --Consumers buy fewer goods and services. --Consumer demand for your product is increased. --Producers reduce employment. Demonstrate how one economic event serves as income for another. If a severe freeze reduces citrus production in Florida, how might the following be affected? --Growers --Food processors --Transporters --Grocers --Self
	Market versus command economy	Read *What's The Difference. Give possible effects and reasons for the differences. --In the command economy, the government, not individuals, make decisions, allotting scarce resources and setting prices so that only those things the government deems important are provided. --If demands are not met legally, then they will be met illegally through black market or bartering outside government channels.
MOTIVATIONAL ACTIVITY	Macroeconomic issues -Inflation	Use *Cartoon 1, *Cartoon 2 and *Cartoon 3 to introduce concepts of inflation. Use resources to define inflation, causes and effects. Definition--Inflation is the prolonged upward movement in the general level of prices [a lot of dollars chasing too few goods]. During inflation, a fixed amount of money for the individual will buy fewer goods and services. Purchasing power of money declines over time for the individual.

PROCESS SKILLS	CONCEPTS	STRATEGIES
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES	Inflation (continued)	In times of inflation is it best to: --Invest savings in real estate? --Sell property? --Buy durable goods? --Save money? How would inflation affect --Retired person on fixed income? --Homeowner with 30-year mortgage? --Factory worker? --Storekeeper with large inventory? List an item you have purchased recently. Write different items on the chalkboard for each student. Indicate whether the price is increasing (+), decreasing (-) or staying the same (0). Figure the price of the item if it doubled in ten years. Discuss the following questions. --Would you purchase these items (increased, decreased, stayed the same)? Why or why not? --If you were middle-age, would you purchase them? --If you were from Africa, would you purchase them? Define the causes and effects of inflation. Use bulletin board idea *Fluctuation to illustrate effects of inflation. Look at *Consumer Price Index. Using resources, define consumer (buyer of product or service for personal or family use), price (quantity of money exchanged for good or service), and Consumer Price Index (measure of changes in prices consumers pay for goods and services). IEE--Check library and chart most recent Consumer Price Index available from U.S. Bureau of Labor Statistics. Share with class categories of greatest and least change. Review *The Good Old Days. Using minimum wage or wages earned on a part-time job, calculate the length of time you need to work for each item. Update the current costs.

PROCESS SKILLS	CONCEPTS	STRATEGIES
SELF FAMILY SOCIETY	Inflation (continued)	Create a scenario depicting effects on others when people buy fewer automobiles or appliances because of inflation. Are some people hurt more than others? What should you do as a family member to alleviate the effects of inflation on your family? What should you do as a voter regarding inflation?
	-Recession/ depression	Using resources, define recession and depression, causes and effects. Invite a speaker who lived through the Great Depression in America. Explain cause-effects of the Great Depression on self, family and community. Explain the Federal Reserve System. What are the functions and powers of the Federal Reserve System? What is the role of the Federal Reserve System in controlling inflation? What happens to prices when the government prints new money in order to pay its debts?
	-Unemployment	Brainstorm a list of problems created by unemployment on the family, society and government. Using resources, including texts and current periodicals, find reasons for unemployment. (Seasonal, new technology, business downturn, personal and physical problems, lack of skills, immobility.) Investigate types of social insurance for unemployed persons. (Unemployment insurance, disability insurance, social security, retirement, assistance programs.) Invite speaker from Bureau of Employment Services to explain services available to the unemployed including financial benefits. Invite speaker from vocational adult education program to explain training and retraining opportunities. Identify major areas of unemployment in your community. Classify according to occupational category. What types of incentives might the government provide these businesses to rehire or locate in your community? (Federal income tax--research and development credit, reduction in state or local taxes; job training provided; revenue bonds provided for development.)

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Unemployment (continued)	Ask the following questions. --Why is employment important? --What would happen to your family if the breadwinner(s) were unemployed? --How would the community (business, individuals) be affected if a plant closed? --What do you feel should be done about employment? (Retraining, encourage business.) Read *Sound Off. Write a personal reaction paper.
PR		Use the practical reasoning process to show ways your community might increase employment. Follow through by actually writing to community leaders.
	-Gross National Produce (GNP)	An important measure of economic growth is the Gross National Product (GNP). Using resources, define the GNP and its relevance to the economy (total yearly output of goods and services measured in current dollars). Using resources, define GNP and its relevance to the economy. (GNP is a measure of the total money value of a nation's output of goods and services over a given time.) Bulletin board idea--Make a display using GNP formula (GNP = Consumer (C) + Business Investment (I) + Government Spending (G) + Foreign Trade (F). GNP = C + I + G + F). Use the bulletin board to discuss issues affecting GNP. --Rising GNP --Growth in incomes --National emergencies (war, environmental protection) --Inflation --Recession --Foreign trade impact (cars, agriculture, electronics)
		What happens to the GNP if consumers buy less goods and services? How does this affect you, family and society? (Less produced, unemployment.)

PROCESS SKILLS	CONCEPTS	STRATEGIES
PR	-Productivity	Using resources, define productivity and its importance in the workplace and home. (Efficiency with which goods and services are produced.) $\text{Productivity} = \frac{\text{output}}{\text{input}}$. Do *Productivity worksheets. Describe how the following factors are sources of economic growth. Note that they all contribute to increases in productivity in the home. --Increase in education, increasing skill level of labor force. --Advances in knowledge (research) resulting in lower production costs or in new or better products. --Increase in equipment or machinery (capital). Discuss what happens to productivity when: --Individual workers fail to produce up to their capacity. --Workers demand higher wages, shorter hours, more fringe benefits without increasing output per worker. --Workers are provided with the best modern tools and equipment. --Workers are highly motivated to do their best on the job. Write responses to two questions. --Should I be concerned with inflation, unemployment and productivity? --What should I do about these economic issues?

NEWS STORIES AFFECT HOW WE LIVE

News events often have a dramatic effect on how we live and how we spend our money. Read the headlines below. Then read the sentences that follow. Choose which statement most accurately describes the results of the news happening.

FIRE DESTROYS LARGEST FRISBEE FACTORY

1. The price of frisbees will: a) go up; b) go down; c) stay the same.
2. The profits of the other remaining frisbee businesses will: a) go up; b) go down; c) stay the same.
3. The production of frisbees will: a) go up, b) go down; c) stay the same.

GASOLINE PRICES REACH $1.30 PER GALLON

4. Interest in riding the bus will: a) increase; b) decrease; c) stay the same.
5. The number of people not taking motor trips will: a) increase; b) decrease; c) stay the same.
6. The number of automobile workers unemployed will: a) stay the same; b) decrease; c) increase.

INFLATION HITS RECORD HIGH

7. Persons hurt the most will be: a) the very wealthy; b) retired people; c) factory workers.
8. The type of business that could most benefit during a period of inflation: a) dealers selling gas-hungry cars; b) stores selling high-priced clothing; c) discount stores.
9. As prices become inflated: a) workers demand higher wages; b) people do not save as much money; c) people begin to look for cheaper substitutes to buy; d) all answers are correct.

ANSWERS: 1(a) 2(a) 3(b) 4(a) 5(a) 6(c) 7(b) 8(c) 9(d)

Source: Ray Pauken, Economic Specialist, Columbus City Schools.

EM 1.11

by Marianne Talafuse

Students have many misconceptions about profits, their size and function. Here are several ways I have found to successfully teach about profits in a market economy. Start with

What is Profit?

Present this situation to your class:

Let's imagine for a moment that you have suddenly come into a large sum of money. After resisting the immediate impulse to run right out and spend it, you decide to invest it. Now the question is, "What will you do?"

1. Will you invest it in a company which manufactures after-shave lotion for horses, electric coffee spoons, fur-lined rat cages, and sardine flavored cake frosting?
2. Will you invest it in a company whose products cost three times as much to produce as almost identical products made by another company?
3. Will you invest it in a company which promises to return only your annual investment to you at the end of each year?

If you answered "No" to each of the questions, you have a good chance of seeing your money grow, for you already have a basic understanding of how a business works. For example, you know that (1) no business can succeed if it makes products that nobody wants, (2) no business can succeed if it can't compete with similar businesses, and (3) no business can succeed for very long if it doesn't make a profit.

After this exercise, have your class develop a definition of profit. Some possible ones are:

1. Profit is the difference between the price a company pays for a particular product and the price it charges for that product.

2. Profit is what remains for the owners of a company after all the expenses, including taxes, have been paid.
3. Profit is the money used to pay the salaries of the managers of a business.
4. Profit is the amount of money a business' owners decide they want to take from the business.
5. Profit is the money businessmen make by charging high prices for the goods they sell.

Only answer #2 is correct. Your class may arrive at other definitions. Before discussing which is an accurate definition of profits, go on to elaborate on....

What Isn't Profit?

Present the situations to the class and discuss whether or not they are proper examples of profit situations.

Match the situations to the definitions of profits given in the previous exercise to illustrate some of the common misconceptions of profit.

Example A

Mary Roberts, a dress shop owner, sells fashionable dresses for about $40. She pays a wholesale distributor about $25 for each dress. If she sells each $25 dress for $40, she makes $15, or 37.5% profit.

(The 37.5% is *gross profit*. Out of that 37.5% must come the money for running the dress shop—salaries, rent, lighting, equipment, display racks, etc.) Ans. #1.

Example B

Robert Gungley and Stephen Hobart are partners in the Gung-Ho Home Improvement Company. Both have sons who will be starting college next year. To finance their sons' educations, Gungley and Hobart decide that they will increase their profits by 10% in the coming year.

(Generally, a business must sell more products, or complete more services to increase its profits. Prices can be increased, but the business then risks competition from businesses with lower prices.) Ans. #4.

Example C

Bill Clark is one of dozens of young men and women who deliver *The Daily Blast* to the citizens of Typicaltown every morning. There are 100 customers on his route. Each customer pays him 15¢ per issue, 11½¢ of which goes to the *Blast*. Bill would like to increase his profit by charging each customer 16¢ per issue, giving him 4½¢ per issue profit rather than 3½¢.

(The delivery person, or salesperson, cannot raise the price of a product. Only the company can do that.) Ans. #5.

Example D

Econo-Markets, a national discount department store, did not have a very good year last year. Consequently, this year its managers had to take a reduction in pay.

(A store would probably have a very difficult time lowering wages. It may be necessary to reduce the number of employees or close unprofitable stores.) Ans. #3.

Now discuss a proper, accurate definition of profit with your class.

Source: American Enterprise Teaching Notes, Fall/1979.

EM 1.11

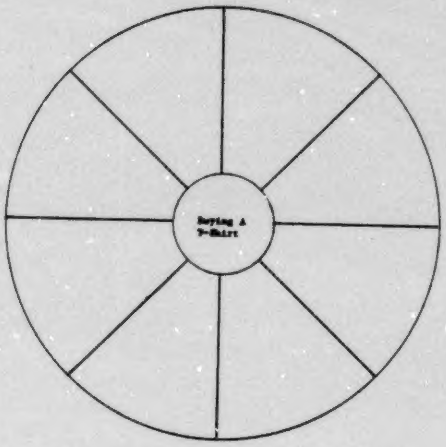
MONEY WHEEL

SPENDING - SAVING - INVESTING - BORROWING - EARNING

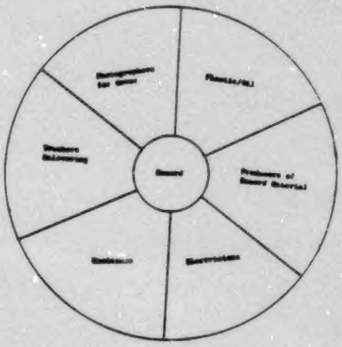
Students should recognize how the use of money (spending, saving, investing, borrowing and earning) affects other individuals and the whole economy and is, in turn, affected by how the economy functions. (Interdependence.)

Directions: Write in the spokes all the people who are involved in the production, distribution, and consumption of each item. Think how the people might, in turn, affect the economy.

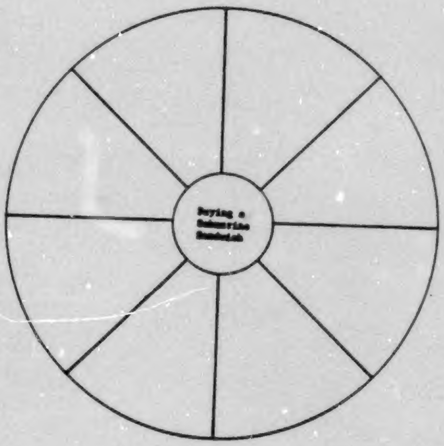
CLOTHING


Buying A T-Shirt

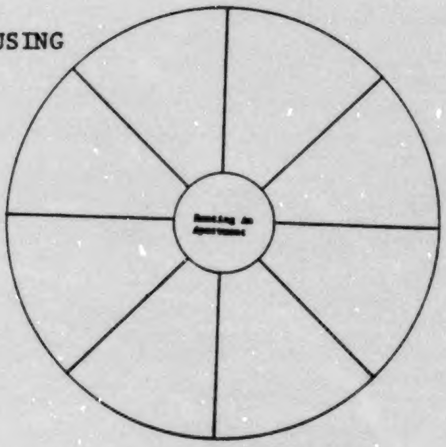
Sample:



FOODS


Buying a Submarine Sandwich

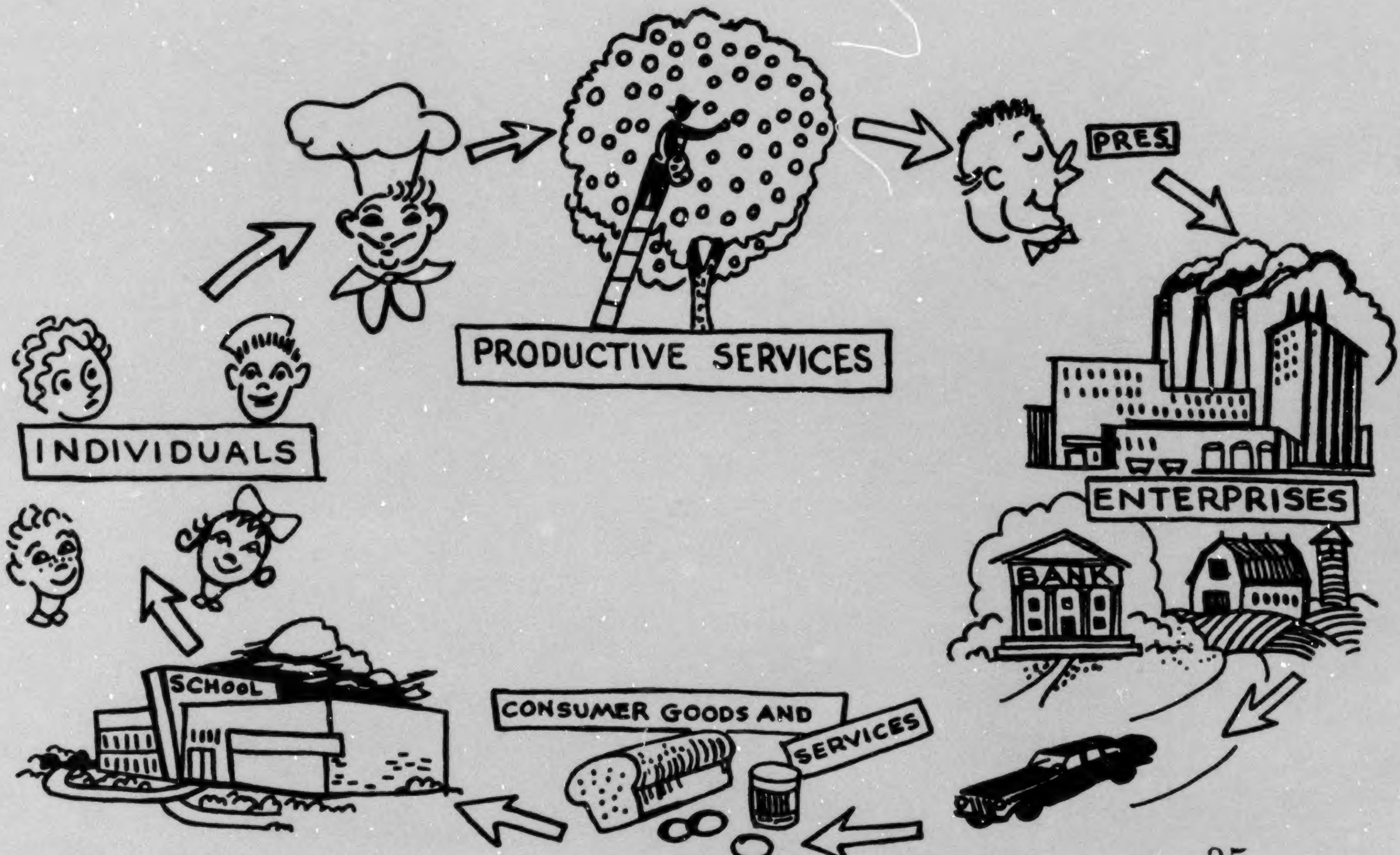
HOUSING


Renting An Apartment

Source: Ohio Department of Education, Consumer Economic Education Unit.

BEST COPY AVAILABLE

CIRCULAR FLOW


PRODUCTIVE SERVICES
PRES
ENTERPRISES
BANK
CONSUMER GOODS AND SERVICES
SCHOOL
INDIVIDUALS

CIRCULAR FLOW OF GOODS AND SERVICES

EM 1.11

What's the Difference?

Commodity	***Washington***	***Moscow***	***London***	***Paris***	***Munich***
Weekly food basket, selected items:		*Minutes of worktime unless otherwise specified*			
Bread *1 kg*	16	17	16	18	27
Hamburger meat, beef *1 kg*	37	123	63	80	70
Sausages *1 kg*	33	180	51	75	75
Cod *1 kg*	61	47	72	118	45
Sugar *1 kg*	9	58	11	9	10
Butter *1 kg*	55	222	80	47	52
Milk *1 liter*	6	22	9	8	7
Cheese *1 kg*	100	185	65	56	65
Eggs *10*	8	55	16	13	12
Potatoes *1 kg*	7	7	3	4	4
Cabbage *1 kg*	9	12	10	8	7
Carrots *1 kg*	11	19	13	7	10
Apples *1 kg*	10	82	23	15	15
Tea *100 g*	10	53	5	17	10
Beer *1 liter*	11	16	18	7	8
Vodka *7 liter*	61	462	131	107	74
Cigarettes *20*	9	15	25	8	16
Weekly basket *family of 4 (hours)*	18.6	53.5	24.7	22.2	23.3
Cosmetics, Drugs, etc.					
Toilet soap *150 g, small bar*	4	20	5	7	6
Toothpaste *125 ml*	16	27	13	29	28
Aspirin *100, cheapest*	5	246	9	21	64
Lipstick *one*	30	69	60	76	80
Clothing, Household items and services					
T-shirt *cotton, white*	19	185	66	53	50
Panty hose *one pair*	18	366	18	17	18
Jeans *Levi's (hours)*	3	46	6	6	7
Men's shoes *(hours)*	8	25	7	7	5
Men's office suit *2-piece, rayon, dacron (hours)*	25	109	22	13	15
Refrigerator *cheapest (hours)*	44	155	40	53	42
Television *color, 56-cm (hours)*	65	701	132	106	143
Electricity *1/12 annual bill*	253	346	198	265	242
Gas *1/12 annual bill*	280	30	568	369	125
Water *1/12 annual bill*	32	123	97	95	37
Telephone rent *per month*	119	154	180	119	136
Television and radio license *annual, color television (hours)*	nil	nil	20	15	13
Shirt laundered *white, cotton*	10	25	16	18	13
Dry cleaning *one men's overcoat*	79	92	83	91	54
Haircut *men, no extras*	63	37	34	108	60
Transportation					
Small car *Ford Escort (months)*	5	53	11	8	6
Gasoline *regular, 10 liters*	32	185	85	67	61
Taxi fare *2mi./3km*	21	37	82	27	36
Bus fare *2mi./3km*	7	3	11	9	8
Miscellaneous					
Morning paper	3	3	5	7	5
Suburban movies *best seat*	42	31	53	38	40

NFIB National Federation of Independent Business
Research and Education Foundation
150 West 20th Avenue, San Mateo, CA 94403

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BEST COPY A

DISCUSSION QUESTIONS

Cartoon 1

1. What does the pig represent? (Inflation.)
2. What does inflation mean? (A sustained rise in the average of all prices.)
3. What group of people does the man represent? (Wage and salary earners or workers.)
4. What does the eaten away portion of the paycheck represent? (The buying power of wages that has been lost through inflation.)
5. What does the remaining portion of the paycheck represent? (The buying power left in the wage earners' wages--"real income.")
6. What is the essential message of the cartoon? (Lost buying power reduces the amount of goods and services people can purchase with their income.)
7. Which groups of people are hurt the most by inflation? (Those whose incomes don't rise as fast as prices do, for example, retired people who live on fixed pensions.)
8. Do any groups benefit from inflation? Who benefits? (Debtors, for example, because they repay their debts with an amount of money that has less buying power than when they borrowed it.)

Cartoon 2

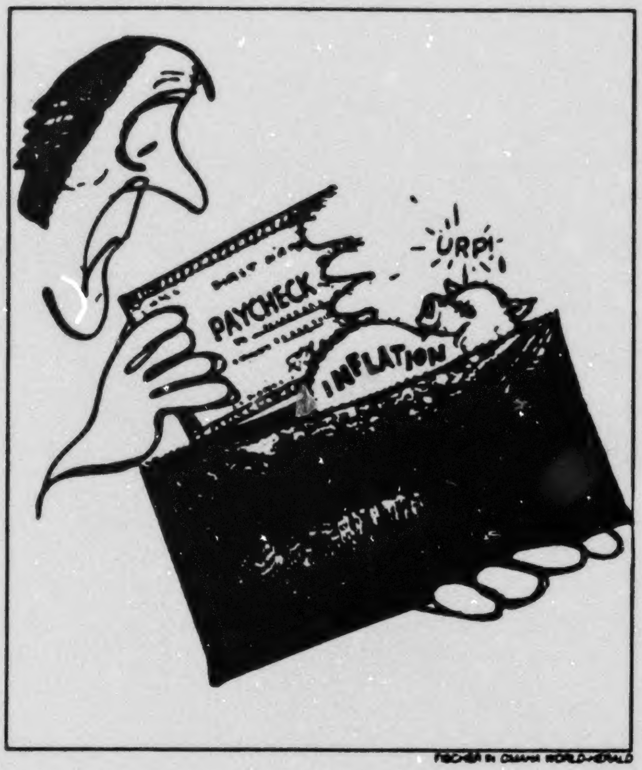
1. What does the bear represent? (Double-digit inflation.) What does the term "double-digit inflation" mean? (An inflation rate of 10 percent or more but less than 100 percent--100 percent would be "triple-digit inflation.")
2. Who or what does the skier represent? (Consumers or consumer income.)
3. Why are the bear and the skier shown racing uphill? (To show a rise in both prices and personal income.)
4. What is the essential message of the cartoon? (Prices are rising faster than personal income. This is symbolized by the bear catching up with the skier.)
5. What does the message mean in terms of the purchasing power of consumers, i.e., the amount of goods and services consumers will be able to buy? (Purchasing power is being reduced.)

Cartoon 3

1. What does the fly represent? (Inflation.) How do you know? (It is labeled.)
2. Why do you think the cartoonist used a fly? (Like inflation, once let loose, flies are difficult to control.)
3. Why is the fly so much bigger than the human? (Inflation is a big problem.)
4. Assuming that the person with the flyswatter represents the government, what is the cartoonist saying? Do you agree? Why? (The government is having a difficult time controlling inflation. Alternate interpretation is that the government is using ineffective methods to control inflation.)
5. Which of these statements do you think represents the cartoonist's opinion? (The second is the correct answer.)
   a. Inflation is a difficult problem that the government is controlling effectively?
   b. The government needs to take stronger actions to control inflation.

Source: Joint Council on Economic Education Curriculum Materials.

Cartoon 1



FISCHER in OMAHA WORLD-HERALD

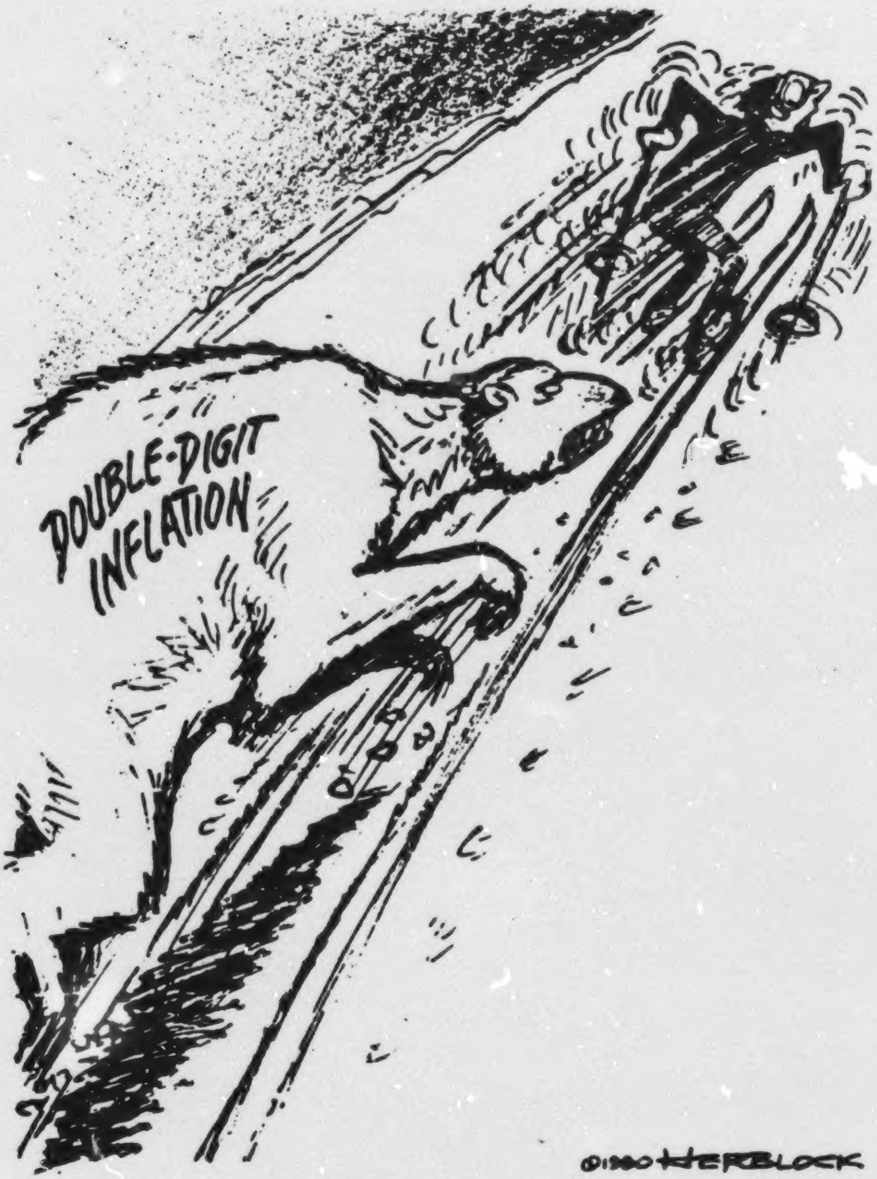
Discussion Questions:

1. What does the pig represent?
2. What does inflation mean?
3. What group of people does the man represent?
4. What does the eaten away portion of the paycheck represent?
5. What does the remaining portion of the paycheck represent?
6. What is the essential message of the cartoon?
7. Which groups of people are hurt the most by inflation?
8. Do any groups benefit from inflation? Who?

Cartoon, by Ed Fischer, reprinted by kind permission of Omaha *World-Herald*.

Cartoon 2

UPHILL RACER



—Copyright 1980 by Herblock in The Washington Post.

Discussion Questions:

1. What does the bear represent?
2. Who or what does the skier represent?
3. Why are the bear and skier shown racing up-hill?
4. What is the essential message of the cartoon?
5. What does this mean in terms of the purchasing power of consumers, i.e., the amount of goods and services consumers will be able to buy?

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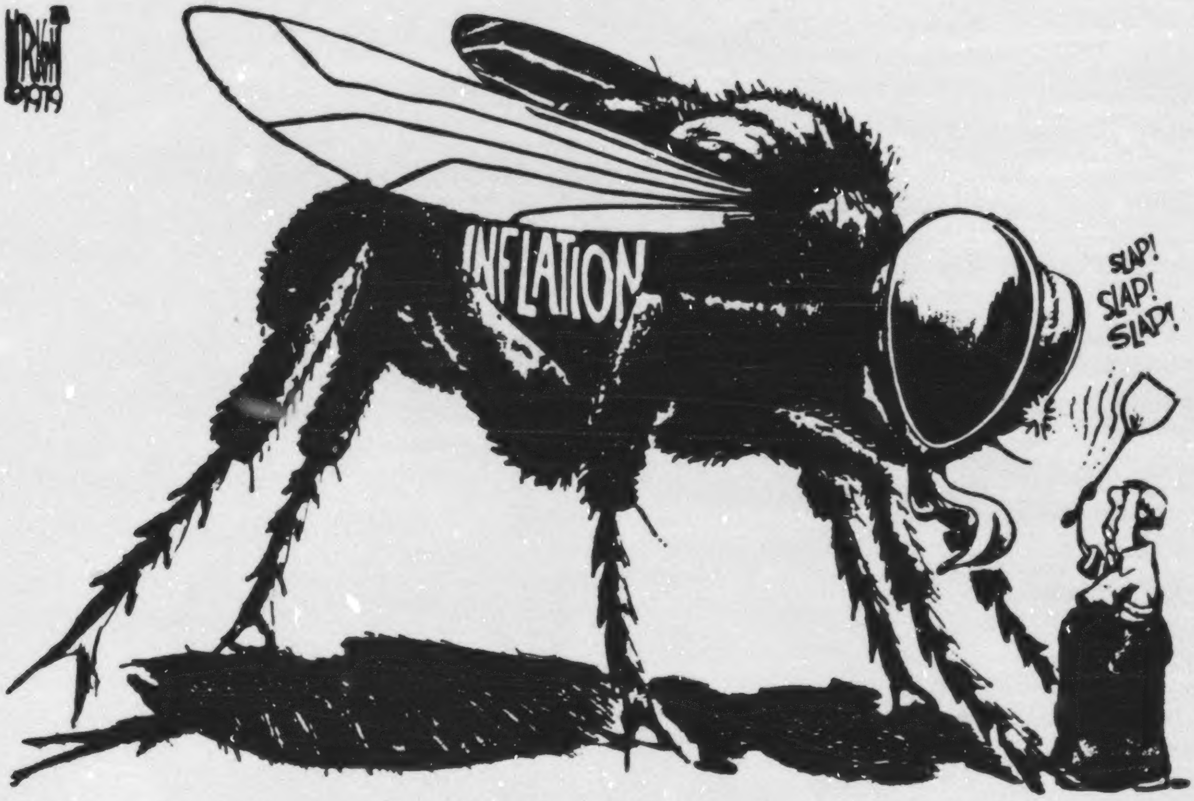
Cartoon 3

EM 1.11


WRIGHT
©1979
INFLATION
SLAP!
SLAP!
SLAP!

Discussion Questions:

1. What does the fly represent? How do you know?
2. Why do you think the cartoonist used a fly?
3. Why is the fly so much bigger than the human?
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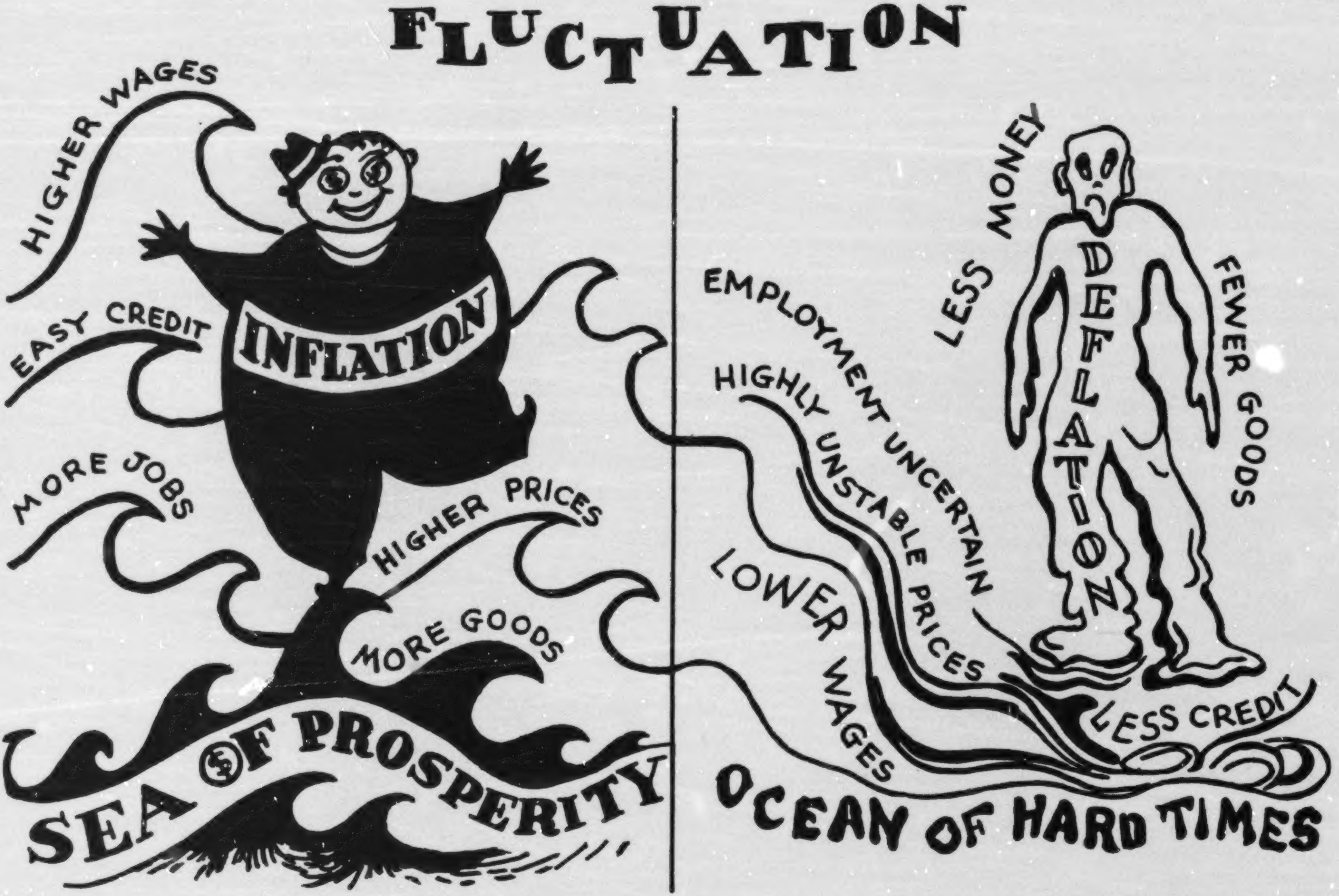
5. Which of these statements do you think represents the cartoonist's opinion?
   a. Inflation is a difficult problem that the government is controlling effectively.
   b. The government needs to take stronger actions to control inflation.

Cartoon, by Don Wright, reprinted by permission of Mr. Wright and the *Miami News*.

EM 1.11


FLUCTUATION
HIGHER WAGES
EASY CREDIT
INFLATION
MORE JOBS
HIGHER PRICES
MORE GOODS
SEA OF PROSPERITY
LESS MONEY
DEFLATION
FEWER GOODS
EMPLOYMENT UNCERTAIN
HIGHLY UNSTABLE PRICES
LOWER WAGES
LESS CREDIT
OCEAN OF HARD TIMES

26.

ADVANTAGES

DISADVANTAGES

EM 1.11

CONSUMER PRICE INDEX

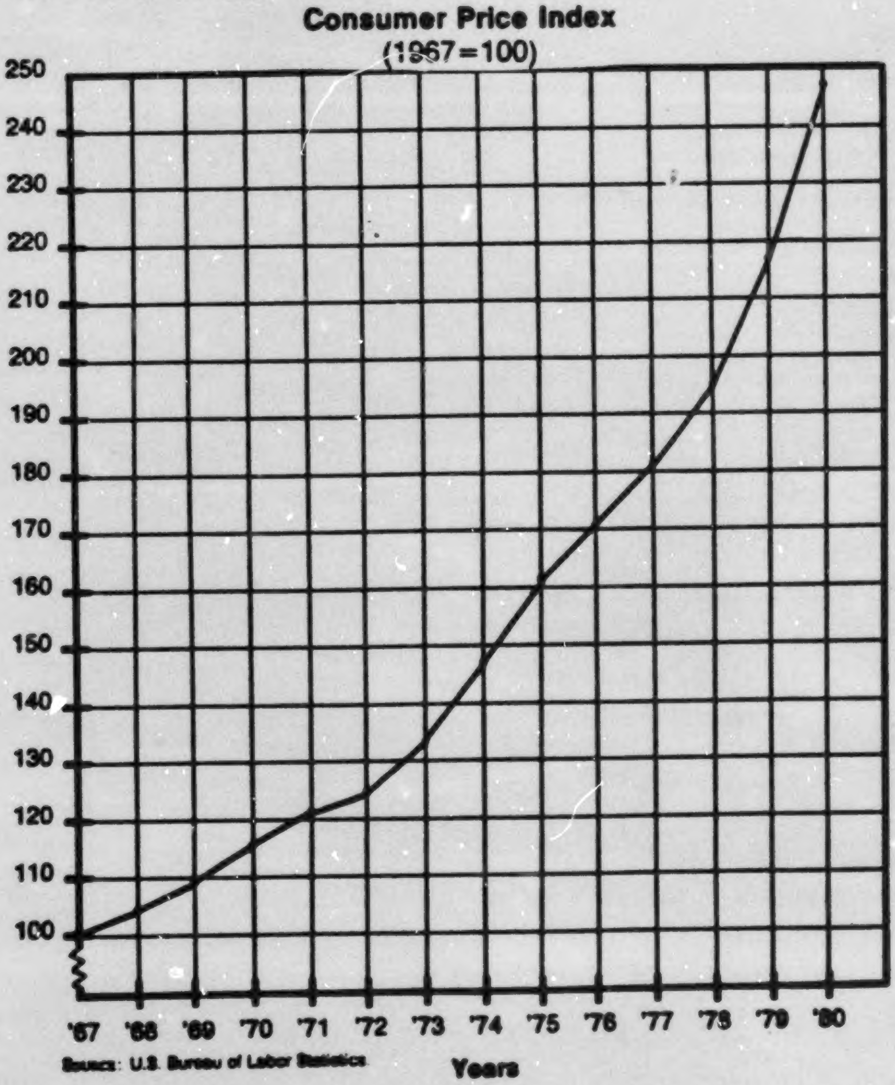
Questions: The chart below pictures the behavior of the CPI from 1967 to 1980. After examining it, answer the questions that follow.

a. Look at the chart on the Consumer Price Index (CPI).

   (1) What can you say about changes in the price level since 1967?
   (2) What was the percent change in prices from 1967 to 1973?
   (3) Look at the change from 1973 to 1980. What was the percent change in prices for that period?

b. "Inflation" is defined as a period of time when the average of all prices—or the general price level—is increasing.

   (1) Were the 1970s a period of inflation? Why do you think so?
   (2) What has been happening to the general price level during the last twelve months? Has it been stable? Going up? Going down? Fluctuating?



Source: U.S. Bureau of Labor Statistics

Source: Joint Council on Economic Education Curriculum Materials.

EM 1.11

The Good Old Days

PRODUCT	1950 PRICE	YOU WORKED THIS LONG TO BUY IT	CURRENT PRICE	YOU WORKED THIS LONG TO BUY IT	% CHANGE IN PRICE
Pack of gum	5 cents	2 mins. 16 secs.	25 cents	1 min. 54 secs.	+400
Aspirin (100 count)	54 cents	24 mins. 22 secs.	$1.49	11 mins. 32 secs.	+176
Washing machine	$344	258 hrs. 39 secs.	$350	44 hrs. 30 mins.	+1.7
Cup of coffee (restaurant)	15 cents	6 mins. 46 secs.	65 cents	4 mins. 56 secs.	+333
Gasoline (Full-service regular)	27 cents gal.	12 mins. 11 secs.	$1.13/gal.	8 mins. 35 secs.	+319
Pack of cigarettes	30 cents	13 mins. 32 secs.	$1.00	7 mins. 36 secs.	+233
Television set (black and white)	$599 (21-in. console)	450 hrs. 22 mins. 48 secs.	$160 (19-in. portable)	20 hrs. 15 mins.	- 73
Newspaper	5 cents	2 mins. 16 secs.	25 cents	1 min. 54 secs.	+400
White Castle hamburger	10 cents	4 mins. 31 secs.	28 cents - 30¢ Downtown	2 mins. 8 secs.	+180
Postage stamp	3 cents	1 min. 21 secs.	20 cents	1 min. 31 secs.	+567
Stockings	69 cents (pr. of hose)	31 mins. 8 secs.	$2.70 (pantyhose)	20 mins. 31 secs.	+291
Haircut	80 cents	36 mins. 5 secs.	$5.00 (basic cut)	37 mins. 58 secs.	+525

EM 1.11

sound off

the effects of unemployment & the economy on family life & teens

The so-called American dream—the belief that each new generation could AND would live better than the one before it—is being strongly challenged these days.

In fact, in a March 1982 *Washington Post*/ABC News survey, 70 percent of the adults polled thought they were better off than their parents BUT only 43 percent thought their children would be better off than they.

Why?

A decade of inflation has reduced the buying power of our dollar to a mere 34 cents.

Unemployment—an even harsher burden for Americans—hit a 35-year high earlier this year.

Old industries—manufacturing in particular—are dying, taking with them hundreds of thousands of good-paying, blue-collar jobs.

Meanwhile, the rise of new "high tech" industries is requiring Americans to gain new skills—and often college degrees.

That's another frustration for teens and parents. The cost of a public college education has risen 66 percent in just seven years. Private college tuition has risen 89 percent.

The latest news about our economy looks slightly brighter.

The inflation rate has slowed to a near standstill. Unemployment figures are dropping. But the financial AND emotional toll on Americans has made young people as doubtful as their parents about future job security and a nice standard of living.

In fact, in a nationwide survey of teens conducted by Jane Norman for her book, *The Private Life of the American Teenager*, it was discovered that the only thing teens feared more than "not getting a good job or being successful" was losing their parents.

Last spring, the *Teen Times* editor talked with five FHA/HERO members at Highlands High, Natrona Heights, Pa.—a community just outside of Pittsburgh, an area where unemployment has been even higher than the national average.

Two of the students were in the child care program. The other three were in the commercial foods program. All five were just a week short of graduation.

Here's what they had to say about the stresses and changes they've witnessed in their own families due to the economy—and how those experiences have shaped their own plans and expectations for the future.

TT: NATIONALLY THE UNEMPLOYMENT RATE IS THE HIGHEST IT'S BEEN IN THE U.S. SINCE WORLD WAR II (APRIL 1983). HAS THIS SITUATION AFFECTED ANYONE IN YOUR FAMILY?

CHRIS: My sister and brother-in-law are divorced now, but when they were married they were on a kind of economic seesaw. One time, they'd be living really good, then he'd get laid off and things would be really hard for them.

NEIL: My mother's laid off. She used to work for a bookstore but business is off, so ....It really hasn't made much difference in our family income, though.

LAURA: My brother has been looking for a job for three years, ever since he got out of high school. He just wants any kind of job he can get, but he hasn't found anything yet.

CHRIS: It's the same with my brother. He quit school and went into the Army. Since he's been discharged, he hasn't been able to find anything. He has applications in all over the valley.

TT: HAVE OTHERS IN YOUR FAMILY HAD TO HELP OUT YOUR BROTHERS FINANCIALLY?

CHRIS: My brother's living at home.

LAURA: Mine, too.

JUDY: It was sort of the same with my mother. When she got laid off from her job as a secretary, it was really hard for her to meet the bills and the house payments.

My mom and dad are divorced so she didn't have any other income. My grandmother helped out a lot with the bills.

TT: FAMILY TENSIONS--FIGHTING, DEPRESSION, NERVOUSNESS--OFTEN ARE RELATED TO THE STRESS PEOPLE EXPERIENCE ON THE JOB OR BECAUSE THEY ARE UNEMPLOYED. HAVE YOU WITNESSED ANY TENSIONS IN YOUR OWN FAMILIES RELATED TO JOB OR FINANCIAL WORRIES?

CHRIS: My sister, again. She developed hypothyroidism (a general loss of energy due to a dysfunctioning thyroid gland). They think it was because her eating habits changed and because she was under a lot of stress.

I don't know—indirectly, my brother-in-law's work being so on and off probably contributed to it.

Source: Teen Times, NOV/DEC '83.

JUDY: While my mom was laid off she was really depressed. Our house looked like a cyclone hit it because she was so down all she could do was just sit around.

LAURA: My brother really drinks a lot. I get worried about it, so I ask his friends why they won't help keep him from drinking so much.

They say he's lucky because he doesn't have anything else to do. I tell them that's not right and they just say, "Well, a lot of people with time on their hands don't know what else to do either."

JUDY: It's very frustrating. You don't know what to do. When my mom wouldn't clean the house, I would. Also, I've been working (as a child care aide) at the elementary school this year, so I was helping her with some of the bills so she wouldn't worry so much.

TT: FAMILY TENSIONS ASIDE, HOW ELSE HAS THE ECONOMY AFFECTED YOUR FAMILIES?

DOROTHY: I thought once my older sisters left home we could buy more. But prices are so high nothing's changed.

LAURA: Our vacations are shorter and we don't take as many. Before, we'd go to a resort for two or three weeks. Now it's for a week, sometimes just for five days.

CHRIS: We have a really big family—10 kids. So we never really did much of anything. Just picnics and stuff. Even though there are fewer of us at home, now, that hasn't changed much.

NEIL: I've worked since I was 12. I had a paper route, then I worked at a gas station. Now I'm at Eaton Park restaurant.

I cover a lot of my own expenses, so that takes off a lot of the strain. We haven't suffered that much.

JUDY: I don't spend like I used to. I try to save my money. I still help my mother with a bill or two when she needs something paid. If she doesn't need it, I put my money in the bank. That way, if the need arises I have it.

TT: YOU'RE ALL VERY CLOSE TO GRADUATING AT A TIME WHEN THE JOB MARKET SEEMS FAIRLY UNPROMISING. HOW HAVE YOU PREPARED YOURSELF TO BEAT THE ODDS?

JUDY: We're required to do a research paper on careers in our child care program. I've been thinking of becoming a physical therapist so I researched that.

It turns out that jobs in the field will increase 53 percent in the next four years and that they'll pay pretty good. Now I feel a little safer pursuing that.

DOROTHY: I'm not too sure what I'm going to be. The only thing I did look into was being an operating room technician. It seems, from my research, like a good thing to get into as far as job security is concerned.

LAURA: I'm going to community college for their two-year secretarial program. I've looked it up—that's one area where there will be a lot of jobs in the future.

CHRIS: Unfortunately, I don't think there are very many openings in special education but that's what I want.

I went to a day school in Pittsburgh and applied for a job. I'm hoping I can do some substitute work over the summer before I go to school this fall.

EM 1.11

TT: AT THIS POINT, YOU'RE "OFF AND RUNNING" SO TO SPEAK. DO YOU HAVE ANY ADVICE RELATED TO JOB PREPARATION FOR TEENS STILL IN HIGH SCHOOL?

NEIL: Catch as much education as you can while it's free.

DOROTHY: The earlier you start researching what skills and education you need for a job the better. Now that I'm thinking about being an operating room technician, I wish I'd taken harder courses—more math and science.

JUDY: Depending on what you want, I'd say get into a work-study program. I've really learned a lot in my child care program. I feel real confident, having already worked with kids, about succeeding in a job as an adult.

LAURA DAVIS, 18

JUDY GASKELL, 17

NEIL PIRSTON, 17

CHRIS SIEMINSKI, 17

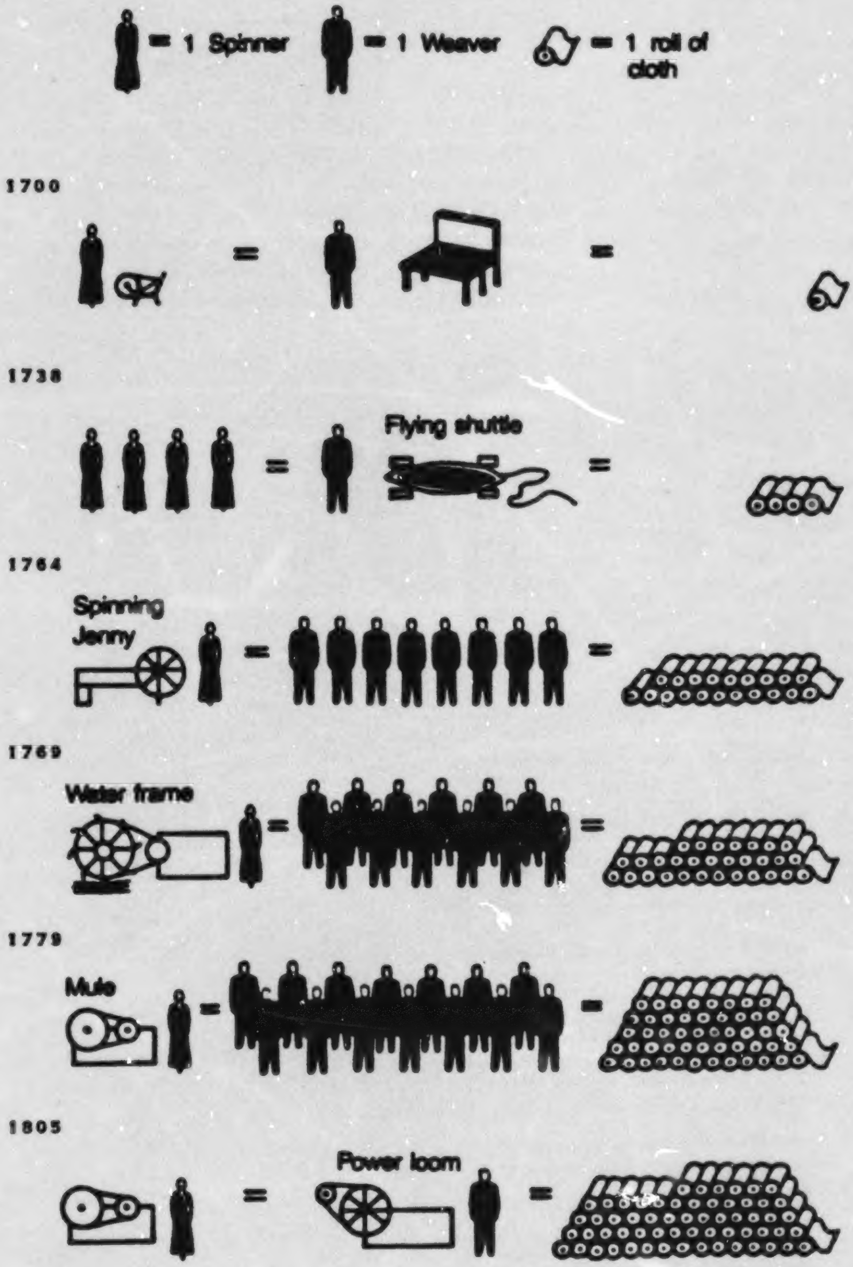
DOROTHY SUHAN, 17

Editor's note: Being active in Future Homemakers of America is another thing you can do, during junior and senior high school, to better prepare yourself for a competitive job market and sound family life.

Plan the kinds of chapter action that help you and others—

- build personal relationships with business owners and managers in your community—great contacts for future jobs.
- explore, thoroughly, the wide range of home economics related careers open to you.
- plan, realistically, for the expense of being a home owner and parent, or single adult living alone.
- develop decision-making skills and the ability to work well with others—two skills you'll need, always, both on the job and in your personal family life. ■

PRODUCTIVITY



SOURCE: JOINT COUNCIL ON ECONOMIC EDUCATION CURRICULUM MATERIALS.

PRODUCTIVITY

Year	No. of Spinners	No. of Weavers	Total No. of Workers	No. of Rolls of Cloth	Productivity (average output per worker*)
1700					
1733					
1764					
1769					
1779					
1805					

*To compute the average output per worker, divide the number of rolls of cloth by the total number of workers.

QUESTIONS

A. WHAT IS "PRODUCTIVITY"?

B. WHY IS A RISE IN PRODUCTIVITY DESIRABLE?

C. WHAT WAS THE AVERAGE OUTPUT PER WORKER, I.E., WORKER PRODUCTIVITY, IN 1700? IN 1805?

D. WHY DID AVERAGE OUTPUT PER WORKER INCREASE SO MUCH FROM 1700 TO 1805?

E. WHY IS ECONOMIC GROWTH IMPORTANT?

ANSWERS

A. WHAT IS "PRODUCTIVITY"? (A MEASURE OF THE EFFICIENCY WITH WHICH GOODS AND SERVICES ARE PRODUCED IN A SPECIFIC AMOUNT OF TIME.)

B. WHY IS A RISE IN PRODUCTIVITY DESIRABLE? (IT PERMITS MORE GOODS AND SERVICES TO BE MADE FROM AVAILABLE RESOURCES, THUS CONTRIBUTING TO ECONOMIC GROWTH.)

C. WHAT WAS THE AVERAGE OUTPUT PER WORKER, I.E., WORKER PRODUCTIVITY IN 1700? (HALF A ROLL OF CLOTH PER WORKER.) IN 1805? (30 ROLLS OF CLOTH PER WORKER.)

D. WHY DID AVERAGE OUTPUT PER WORKER INCREASE SO MUCH FROM 1700 TO 1805? (THE INVENTION OF NEW OR IMPROVED MACHINES; INCREASES IN THE SKILLS OF WORKERS.)

E. WHY IS ECONOMIC GROWTH IMPORTANT? (IT IS THE SOURCE OF RISES IN THE STANDARD OF LIVING.)

Year	No. of Spinners	No. of Weavers	Total No. of Workers	No. of Rolls of Cloth	Productivity (average output per worker*)
1700	1	1	2	1	.50 roll
1733	4	1	5	4	.80 roll
1764	1	8	9	20	2.22 rolls
1769	1	12	13	30	2.31 rolls
1779	1	14	15	50	3.33 rolls
1805	1	1	2	60	30.00 rolls

*TO COMPUTE AVERAGE OUTPUT PER WORKER, DIVIDE NUMBER OF ROLLS OF CLOTH BY TOTAL NUMBER OF WORKERS.

SOURCE: JOINT COUNCIL ON ECONOMIC EDUCATION CURRICULUM MATERIALS.

PERENNIAL PROBLEM	What To Do Regarding Economics and Managing Resources
PRACTICAL PROBLEM	What Should I Do Regarding Decision Making?
CONCERN/CONCEPT	External Factors Influencing Consumer Decisions/Political Systems

HOMEMAKING SKILLS

- Assess interactive effects of political and economic systems

PROCESS SKILLS	CONCEPTS	STRATEGIES
MOTIVATIONAL ACTIVITY		Collect newspaper clippings which illustrate the impact of government monetary and fiscal policy on consumers. Classify policies as regulation or taxation.
	Government monetary and fiscal policy	Using resources, find the role of the Federal Reserve monetary policy. (See attached sheet *Monetary and Fiscal Policy.)
	Regulations	What are some examples of government regulation?
PROBLEM		Do *Case Study: Slinky Sleepwear.
		IEE--Research government consumer and business regulations and report the intent and effects of the law on consumers and the economy. (Occupational Safety and Health Act, Consumer Product Safety Act, Equal Employment Opportunity Act, food labeling.)
		Using resources, define: --Public policy --Lobby --Interest group --Regulatory commission
		Using resources, find the effects of the following on the producer and consumer. --Lobbies --Government cheese giveaways --Price supports to stabilize sugar --Government policy change on oil production--from regulation to deregulation

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Regulations (continued)	It has been estimated that regulation costs families $2,000 per year. --What are examples of goods and services which may have increased in price because of government regulation? --What would be the cost/benefits to society of the Occupational Safety and Health Act (OSHA)? --What are some benefits of consumer protection laws? --Why should consumers be concerned as to whether the costs of protection are worthwhile? Environmental Protection Agency (EPA).
	Government services	List ten services or facilities you have used within the last week that were provided by one of three levels of government—federal, state and local. (Sidewalks, school, parks, mail, highways, library.)
	Use of tax dollar	Do *City Council Simulation. --Define the problem (Why does a choice have to be made?) --Generate alternatives --Evaluate consequences --Make a decision --Test the decision (Will it work? Is it cost beneficial? What are the effects on individuals? families? the city?) --What is the opportunity cost of adopting the proposals? Evaluate these four methods which city council members could use for solving their problem. --Tradition (Allot money as they've always done.) --Impulse (Quickly divide up the money.) --Majority vote (Immediately vote on each category.) --Committee work (Involve citizens and discuss the effects of each alternative.)

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Equity in taxation	Read *Case Study: Federal Tax Policy and rank items according to instructions. --If the provision you ranked first is adopted, how will it affect individuals? Families? Society? --What values helped you establish your priorities? --Agree or disagree and defend your response to this statement—"The number of tax advantages can only be reduced by deciding that some goals are more important than others and that the less important goals must be sacrificed." Use the concept of opportunity cost in your response. --What do you lose? --What do you gain?

EM 1.12

MONETARY AND FISCAL POLICY

Money and Monetary Policy

The government has two major ways—monetary policy and fiscal policy—of trying to keep the level of aggregate demand roughly in balance with the growing productive capacity of the nation. Monetary policy seeks to affect the amount of money in existence and its cost (interest rates). This is the responsibility of the Federal Reserve System, a quasi-independent government agency.

Money is generally defined as the sum of currency (cash) and demand deposits (checking accounts) in banks. Currency is printed or coined by the government but the bulk of the nation's money supply, demand deposits, is created by the banking system. The banking system increases the money supply by making loans to individuals, businesses, and the government. This lending creates more demand deposits and thus increases the spending power of the economic units which make up aggregate demand.

Banks are required to hold reserves behind their deposits. The principal but not the only instrument of Federal Reserve monetary policy is control over these reserves which are held on deposit at Federal Reserve Banks. If the Federal Reserve provides the banks with more reserves, this permits them to lend more to the public, thus making possible an increase in aggregate demand. Conversely, a "tight money" policy, which involves holding down the size of bank reserves, means restraining aggregate demand.

Monetary policy today is an area of considerable controversy with economists divided on what Federal Reserve policy ought to be. We still have much to learn about how to manage the money supply so as to achieve economic stability.

Fiscal Policy: Taxes, Expenditures and Transfers

Fiscal policy consists of changes in taxes, government expenditures on goods and services, and transfer payments to control the level of aggregate demand. Generally, when the government increases spending on goods and services or on transfer payments but does not correspondingly increase tax receipts, total aggregate demand will be stimulated and push the economy toward more employment or inflation. Conversely, when government reduces expenditures without reducing tax receipts, aggregate demand will be reduced and push the economy toward less employment or less inflation. Similar effects can be obtained by cutting or increasing tax receipts, with government expenditures being held constant.

Students should have a rough idea of the magnitude of government expenditures and taxes, and should know something about the practical problems of increasing or decreasing taxes and expenditures flexibly. They should see the difference between government purchases of goods and services, which provide jobs directly, and transfer payments

Source: A Framework for Teaching Economics. Joint Council on Economic Education (unemployment insurance, social security payments, and the like), which change recipients' incomes but do not directly provide jobs or use up productive resources. As with monetary policy, we still have much to learn about fiscal policy and how to use it to achieve stable economic growth. It is important to understand both its potentialities and its limitations.

EM 1.12

CASE STUDY: SLINKY SLEEPWEAR

NEWSFLASH: THE CONSUMER PRODUCT SAFETY COMMISSION HAS JUST BANNED THE SALE OF SLEEPWEAR MADE OUT OF XLON. XLON IS THE MIRACLE FABRIC THAT CONSUMERS HAVE FOUND MUCH TO THEIR LIKING. IT NOT ONLY FEELS SOFT, IT CLEANS EASILY AND COSTS MUCH LESS THAN OTHER FABRICS. THERE HAVE BEEN SEVERAL REPORTS OF INDIVIDUALS WHO WERE BURNED, SOMETIMES FATALLY, WHILE WEARING SLEEPWEAR GARMENTS MADE WITH XLON. THE CAUSE WAS USUALLY HOT ASHES FROM CIGARETTES. TESTS HAVE SHOWN THAT XLON IS HIGHLY FLAMMABLE WHEN PRODUCED AS A SHEER FABRIC BUT WILL NOT BURN EASILY IF MADE INTO THICK CLOTH.

THE SLINKY SLEEPWEAR COMPANY, WHOSE MAIN PLANT IS IN DROWSY, ARIZONA, IS THE LEADING MANUFACTURER OF SLEEPWEAR USING THIS FLAMMABLE MATERIAL. COMPANY OFFICIALS ARE CONCERNED ABOUT THE IMPACT ON BUSINESS. IT WAS REPORTED THAT MILLIONS OF DOLLARS HAVE BEEN INVESTED BY THE COMPANY TO DEVELOP THE XLON FORMULA.

Questions:

a. What probably prompted the Slinky Sleepwear Company to manufacture Xlon sleepwear in the first place?

b. What is likely to happen to the profit picture for the Slinky Sleepwear Company in the immediate future?

c. How will the Slinky Sleepwear Company's competitors react to the news?

d. Who will benefit from the commission's ruling? Who will pay the costs? (In other words, what are the trade-offs?)

e. What decisions will the business manager(s) of Slinky Sleepwear have to make as a result of the ruling?

f. How might the ban affect prices for sleepwear?

g. How might the ban affect employment?

h. If you were a manager of Slinky Sleepwear Company would you support the ban on Xlon? Explain your answer.

i. If you were a consumer of Xlon sleepwear, would you support the ban? Explain your answer.

Source: Joint Council on Economic Education Curriculum Materials.

TEACHER ANSWER SHEET TO THE CASE STUDY: SLINKY SLEEPWEAR

a. There seemed to be sufficient demand to make the production and sale of sleepwear of Xlon highly profitable. Prospective profits were probably so attractive that the company invested heavily in special machinery to make sleepwear from Xlon.

b. In the short run, profits would fall because the banned garments that have already been produced by the company cannot be sold in the domestic market. The amount of profits lost will depend on the number of garments already produced but not sold. It would take time for the company to shift to other fabrics. Meanwhile, competitors may take customers away.

c. The competitors will increase their sales and probably increase their production, too. Consumers of Slinky Sleepwear products would now be the competitors' prospective customers.

d. The protection of consumers was traded for lower profits in the short term for firms manufacturing the banned sleepwear. Since Xlon was the least expensive cloth for sleepwear, some customers will pay higher prices for sleepwear in the future.

e. The decisions made by managers will depend on the circumstances. If all sleepwear manufactured by the company were made out of the flammable fabric, the loss incurred might be too much for the company to sustain and thus result in a dissolution of the business. If the company's production of sleepwear is quite diversified, it might just drop the banned products and continue the manufacture of the others. The company could introduce a new line of sleepwear to replace the banned one or start manufacturing an entirely new line of products such as women's blouses, underwear, etc.

f. Prices for sleepwear are likely to rise. How much depends upon the supply and demand conditions of the sleepwear market as well as on how much more the materials that can be substituted for Xlon cost.

g. The ban could result in some local unemployment if the Slinky Sleepwear Company closes down.

EM 1.12

CITY COUNCIL SIMULATION

You are a member of the City Council in a city of 100,000 people. Over the past ten years the city has had a population growth of about 20 percent. In order to provide the needed additional services, it has been necessary to increase the property tax rate for the past two years. Citizens are becoming angry about continuing increases.

The funds for the most urgent items in the budget for the forthcoming year have already been appropriated. There are approximately $1.5 million left to allocate and twelve important programs that various citizen groups have urged the council to approve:

Proposal 1 One area of the city does not have adequate fire protection. A home in that area burned down in the past year, and a small child was badly hurt. Citizens in the area have written, phoned, and appeared at the budget hearings to request better fire protection. Cost for additional fire personnel: $200,000.

Proposal 2 Problems with teenagers have been increasing. Vandalism is on the rise, parents are concerned about the mounting use of drugs, and the police are dealing with more runaways. The City Council would like to start a new juvenile division in the Police Department to help keep youngsters out of trouble. Cost for a social worker, two police officers, and a secretary: $100,000.

Proposal 3 The city has inadequate recreational facilities, and much of what is available is in very bad condition. One group of citizens feels that more should be spent on recreation, especially for teenagers. More opportunity for recreational activities, they say, will pay off in a reduction in the number of teenagers getting into trouble. Cost for repairing the tennis, basketball, and softball areas, and additional personnel: $250,000.

Proposal 4 In addition to the need for more recreational facilities there is the need for a neighborhood center in a particular area of the city. A wealthy citizen is willing to give the city a large mansion, which would provide a place for meetings, programs, and recreational opportunities for everyone from preschoolers to senior citizens—if the city can staff it. Cost of staffing and maintaining the neighborhood center: $350,000.

Proposal 5 The city landfill site is reaching capacity. The city must find another area for trash disposal within the next year. Federal and state guidelines no longer allow municipalities to use low or marshy areas for landfill. Cost of using an out-of-town landfill site: $200,000.

Proposal 6 One section of the city has developed very rapidly, and sewer lines are at capacity. Citizens are complaining about the unpleasant odors, and many think that a satellite treatment plant is needed. Federal funds will pay for building the plant but the community will have to pay for its operation. Cost of one year's operation of a treatment plant: $300,000.

Proposal 7 Three streets in the city are unpaved and many contain large potholes. When it rains, the unpaved streets are muddy and all but impassable. In dry weather the dust is thick, and some citizens feel the dust to be a definite health hazard. Several citizens have broken automobile axles when hitting potholes. Cost of upgrading those streets: $500,000.

Proposal 8 In one part of town the houses are rundown but could be rehabilitated. Wiring, plumbing, general carpentry work, roofing, etc., would make the houses more livable and improve the neighborhood's appearance. Some citizens have recommended that local money be given to poor citizens so that they could rehabilitate their homes. Cost to fix up the most rundown houses: $300,000.

Source: Joint Council on Economic Education Curriculum Materials.

Proposal 9 City employees are feeling the pinch of the rising cost of living. They are demanding a 10 percent raise. Estimated cost of employee pay raise for the first year: $200,000.

Proposal 10 A lovely creek runs through the center of the city. Over the years it has been silting up, and as a result one residential section has a flooding problem. Homeowners there are demanding that the city dredge the creek to prevent flooding. Cost of dredging and fixing the banks: $150,000.

Proposal 11 Citizens want educational standards to be upgraded. School officials say they can improve education in basic skills and career placement if they employ a specialist at each grade level. Cost of new personnel: $300,000.

Proposal 12 The city has a high rate of teenage unemployment. Citizens have said there is a need to develop activities and meaningful work experiences for this age group. Much interest and support for a summer employment program exists. Cost for the summer employment program: $150,000.

ESTIMATED TOTAL COST OF ALL PROGRAMS . . . $3,000,000

You have been a good Council member—one who tries to study the issues and is concerned about the welfare of all the members of your community. *You would also like to be re-elected.* Which combination of programs totalling approximately $1,500,000 do you think is the best alternative for the community? Use the Budget Analysis Worksheet as a guide while making your decision.

EM 1.12

CASE STUDY—THE FEDERAL TAX POLICY COMMISSIONER'S DECISION

It is the policy of the United States government (and of other tax jurisdictions) to allow certain categories of taxpayers to reduce the amount of income tax they must pay in order to give them help with special problems or to encourage them to engage in certain activities. Below are listed several tax advantages. Some are in effect; others have been proposed. The use of each of such tax advantages either reduces the amount of money that the federal government receives or makes it necessary for other taxpayers to pay more than they otherwise would. You have just been appointed to serve on a tax policy commission. As a commissioner you must evaluate seven proposals. In judging, you will try to decide what the government accomplishes by allowing taxpayers in each category to reduce the amount of taxes they pay. The commission chairperson has asked each commissioner to rank the proposals in order of their importance. You will soon be asked to explain your rankings.

A. A provision that homeowners may deduct from their taxable income the money they pay for local property taxes and the interest they pay on their home mortgages.
B. A provision that parents receive an exemption of $1,000 for each child they support.
C. A provision that enables parents with children in college to pay less in taxes to help offset tuition costs.
D. A provision that all parents whose jobs make it necessary for them to pay for child care while they are at work pay less in taxes.
E. A provision that people over the age of 65 take an extra personal exemption from their gross incomes and thereby pay less in income taxes.
F. A provision that a married couple whose income is less than $8,000 a year and who have at least one dependent need not pay any income taxes.
G. A provision that corporations and other businesses pay less in income taxes if they invest money in new plants or equipment in locations where unemployment is high.

By placing the appropriate number in the space provided, rank the tax provisions listed above in order of their importance to you.

	Rank	*Tax Provision*
MOST IMPORTANT	1	____
	2	____
	3	____
	4	____
	5	____
	6	____
LEAST IMPORTANT	7	____

Source: Joint Council on Economic Education Curriculum Materials.

PERENNIAL PROBLEM What To Do Regarding Economics And Managing Resources

PRACTICAL PROBLEM What Should I Do Regarding Decision Making?

CONCERN/CONCEPT External Factors Affecting Consumer Decisions/Social Systems

HOMEMAKING SKILLS

- Recognize interactive effects of social and economic systems

PROCESS SKILLS	CONCEPTS	STRATEGIES
MOTIVATIONAL ACTIVITY	Multiple roles	Make a collage of roles one assumes as member of home, community, nation and world. (Family member, voter, taxpayer, borrower, saver, buyer, investor, worker, employer.) List roles on board. Divide into three groups. Each group should assume one role. --Producer (wishes to establish a pig farm). --Consumer (wishes to purchase pork at low cost). --Citizen (doesn't want pig farm on his/her street).
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES		Debate from each perspective. Discuss alternatives and consequences of a decision made in favor of each.
	Lifestyles -Status	In small groups, list items which have status appeal (jeans, Porsche, T-bone steaks). What is the role of advertising in creating status appeal? What are the benefits and disadvantages of status products to the: --Consumer --Producer --Advertising agent --Media (television, newspaper)
		Examine magazines and television shows targeted to different audiences (adolescent, young single, parent, homemaker, socialite, retired person). Have the number of such magazines and shows increased or decreased recently? Why? Analyze values and lifestyles portrayed in each of the magazines.

PROCESS SKILLS	CONCEPTS	STRATEGIES
PROBLEM	Status (continued)	In small groups, write two case studies using the following information. --Case Study 1—Young single person with good income rents luxury apartment and uses credit to purchase luxury status items. Person belongs to health club and has active social life. Describe items person might buy and activities in which he/she may participate. --Case Study 2—Married couple with two children have moved from the city to the country. They believe in "voluntary simplicity"—playing family games instead of television, growing own food, woodburning fireplace. Describe other ways in which family may carry out the goal of voluntary simplicity (include goods, services and family social activities).
SELF FAMILY SOCIETY		Each small group present to class. --What would be the effects on families and society if everyone lived the luxury lifestyle? Voluntary simplicity lifestyle?
		Using resources, define voluntary simplicity (outwardly simple, de-emphasizes consumption, strong sense of the environment, living with nature).
		Do *Voluntary Simplicity Scale.
	Social change	Using resources, identify major areas of social change in the family. (Increased number of women working, increased single-parent families, increased number of senior citizens.) Discuss implications for producers, self, family and society.

EM 1.13

VOLUNTARY SIMPLICITY SCALE

	Strongly Disagree	Mildly Disagree	No Opinion	Mildly Agree	Strongly Agree
1. I would rather drive than carpool.	☐	☐	☐	☐	☐
2. I enjoy wearing new clothes.	☐	☐	☐	☐	☐
3. Finding uses for discarded items is too much trouble.	☐	☐	☐	☐	☐
4. I'd rather get a ride than bicycle.	☐	☐	☐	☐	☐
5. I am more concerned with how something looks than how long it will last.	☐	☐	☐	☐	☐
6. Growing my own vegetables is too much work.	☐	☐	☐	☐	☐
7. I'd rather buy paperbacks than go to the library.	☐	☐	☐	☐	☐
8. On a cold day, I would put on a sweater instead of turning up the heat.	☐	☐	☐	☐	☐
9. I'm willing to take items to a recycling center.	☐	☐	☐	☐	☐
10. I'm very concerned about littering the environment.	☐	☐	☐	☐	☐
11. I prefer as many small appliances as I can use.	☐	☐	☐	☐	☐
12. I'm willing to drive within the speed limit to conserve gasoline.	☐	☐	☐	☐	☐
13. I think it's easy to have too many possessions.	☐	☐	☐	☐	☐
14. If I were to move, I'd check out the air quality in the new area.	☐	☐	☐	☐	☐
15. I prefer to use convenience foods rather than home prepared.	☐	☐	☐	☐	☐

Discuss each item and analyze your score for agreement/disagreement with voluntary simplicity.

*Adapted from: J. C. Penney *Forum*, November 1983 (Ruth Pestle, Florida State University).

PERENNIAL PROBLEM What To Do Regarding Economics And Managing Resources

PRACTICAL PROBLEM What Should I Do Regarding Decision Making?

CONCERN/CONCEPT External Factors Affecting Consumer Decisions/Ecological Influences

HOMEMAKING SKILLS

- Recognize interactive effects of ecological and economic systems

PROCESS SKILLS	CONCEPTS	STRATEGIES
PROBLEM PR	Economic growth vs. ecological concerns	Debate: Is more better? (While economic growth creates jobs and more goods and services, there may be adverse side effects—air and water pollution, urban congestion, destruction of the environment, urban sprawl.) Use practical reasoning to identify values, alternatives and consequences for miners and residents of other states for this problem. States east of Ohio are complaining that the burning of high sulfur coal in Ohio is producing acid rain. They want stricter air regulations. Ohio already has an extremely high unemployment rate. Many coal miners will lose jobs if these regulations go into effect.
	Ecology	Using resources, define ecology. Develop a list of scarce natural resources and a list of ecological problems. Make a bulletin board with these items. Do *Case Study: Ecological Influence. --Identify practices that show concern for ecology. --Identify products potentially harmful or harmful to the environment. --List products that could be substituted for the harmful products.
	Limited energy	Choose an even number from 1 to 10. The next student doubles that number. After the eleventh student doubles the figure, note how fast we will use up the earth's energy if we double energy consumption every ten years.

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Energy requirements for producing	Pull an item from a shopping bag filled with familiar objects (jar of jelly, can of beans, box of detergent, paper towels, frozen dinner, broom, bread, milk). In general, describe the energy required to process, manufacture, deliver and dispose of the product. (Include human labor, time, money, materials, types of fuels.)
PR		Using resources, answer: --How rapidly is energy consumption increasing? --What are alternate energy sources? --What are some forms of pollution? --How will increases in prices affect the incentives to use alternate energy resources? --What are some of the problems involved with disposal? --What are examples of ways in which companies have converted pollutants to useful goods or services? --Which agencies help control environmental damage? IEE--Read a book on ecology (Silent Spring by Rachel Carson, Thoreau's Walden). Share important points relating to ecology with the class for reaction.
PR		Use list of ecological problems developed in the beginning of the module. Apply practical reasoning process to the problems.
SELF FAMILY SOCIETY		Reflect--Should I be concerned about conserving scarce natural resources? --What effect would conserving scarce natural resources have on future families? --What effect do countries using up scarce natural resources have on the future society as a whole? (NOTE: Energy conservation is addressed in Module 2.32.)

EM 1.14

CASE STUDY: ECOLOGICAL INFLUENCE

PLACE: Susie's kitchen

Susie's mother, Mrs. Scott, tells Susie there are a few breakfast dishes on the counter and to put them in the dishwasher. Then Susie is to go to the store to get the items on the list Mrs. Scott left on the kitchen table.

SUSIE: I'll wash the dishes by hand, since there are just a few of them. And since Mom's not in a real big hurry, I'll ride my bike to the store instead of taking the car. I need the exercise and there won't be many more nice fall days left. Where did she leave that list? Oh, here it is.

1 pound ground beef
2 cans aerosol bathroom cleaner
1 loaf bread
1 squeeze bottle liquid dishwashing detergent
8 oranges
2 large boxes of trash bags
Six-pack of canned cola
Large box of laundry detergent

MRS. SCOTT: Susie, make sure you get the laundry soap with phosphate. It does a better job and take the shopping cart with you instead of using the paperbags from the store.

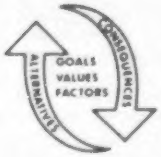
PERENNIAL PROBLEM What To Do Regarding Economics And Managing Money

PRACTICAL PROBLEM What Should I Do Regarding Decision Making?

CONCERN/CONCEPT External Factors Affecting Consumer Decisions/Technological Influences

HOMEMAKING SKILLS

- Recognize the interactive effects of technology and economic systems

PROCESS SKILLS	CONCEPTS	STRATEGIES
MOTIVATION ACTIVITY	Products/services created by technology	Create a web diagram with a microwave oven in the center. Around the web write or picture additional products, services, and jobs created by the microwave oven. Consider new markets for microwave cookware, cookbooks, food products; need for microwave instructions on prepared foods; need for demonstrators, adult education classes. What are benefits of the microwave oven to consumers' families and society? (convenience, speed of cooking, creates jobs) Disadvantages? (opportunity cost, what you gave up to buy it, may result in people eating meals individually rather than as a family).
		Using resources, define technology.
		Brainstorm new products or services that result from technology. (Automated banking, computer scanning in stores, video disk players, computers, medical advances, programmed calculators.) For each, analyze effects, positive and negative, on consumers and society. Consider cost-benefit ratio, satisfaction, risks. What new skills do you need as a consumer to use these goods and services? (Skills: keyboarding, coding system, following complex directions, programming.)
	Advances in science and technology	Invite a panel of professionals (tape record, use resources).
		IEE--Interview other professionals in fields that you are interested in. Ask them the advances in their field and effects on self, family and society.

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Technology and jobs	Read excerpts from *Best Career Prospects for the 1980s and *Service Industries: Growth Field of the '80s. Define vocabulary terms: computer science, proliferating, programmer, blue collar, pink collar, career, obsolescence, escalator clause, mobility, entrepreneurs, service industry. --What are implications of these articles for today's students? --What is the best outlook for new jobs in the next ten years? --Where will the jobs be? --Cite ways which jobs become obsolete by technology. --What type of education is needed for jobs in the '80s?
PR GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES	Role of technology	Use practical reasoning to discuss roles of technology in our society (efficient use of resources, time, energy). In what ways have we become slaves to technology? (Planned obsolescence of products, dependence on calculators, television spectator rather than reader or sports participant, dehumanizing effects of assembly line production, loss of skilled workers.) Determine whether or not your family would purchase the following products. --microwave --calculator --home computer --talking car --electric typewriter --remote control television set --garage door opener Discuss values and contributing factors which influenced your decisions regarding each product.

EM 1.15

BEST CAREER PROSPECTS FOR THE 1980s

The American economy will provide nearly 20 million new jobs by 1990, according to the Bureau of Labor Statistics. That will raise the total to 114 million. However, more than half the openings will be comparatively routine and low-paying. The BLS estimates that twice as many new clerical workers as managers will be needed in the 1980s. Jobs for cashiers and janitors will grow faster than openings for professional and technical employees.

These somewhat somber tidings are statistical generalities. The real job market has infinite variety—and doesn't necessarily conform to the forecasts. There will, as always, be tremendous opportunities for the person who chooses the right career, the right employer or the right part of the country—preferably all three. Furthermore, there are two big pieces of good news.

- As the 1980s progress, young people should be able to find entry-level jobs more easily than they can now. Because of the drop in the birth rate since the 1950s, fewer and fewer youngsters will reach working age. For example, there will be 316,000 fewer in 1985 than in 1980 and 913,000 fewer in 1990. That should make teenage unemployment, 19.2 percent last May, less acute.

- The demand for engineers is exceptionally strong. As a heritage of the hiring slump in the early 1970s and the resulting drop in student enrollments, engineers are in short supply. "Engineers will be kings of the job market until the mid-1980s," says Van Evans, President of Deutsch, Shea and Evans, Inc., a New York manpower consulting firm.

Engineers with energy specialties have particularly hot prospects right now. Among this year's crop of bachelors, reports the College Placement Council, petroleum engineers are being offered an average of $23,748, and chemical engineers $21,480.

Old engineering specialties are reviving to meet new demands. Since the country needs more coal, jobs for mining engineers are expected to multiply faster than those for any other engineer; however, the number of openings won't be large. After being grounded through most of the 1970s, aerospace engineers have been put back in the cockpit by a healthy volume of aircraft orders.

The computer industry will remain uniquely promising through the 1980s. Computer use is proliferating in office, factory, store, school and home. "The job market is just going wild," says John Hamblen, chairman of the computer-science department at the University of Missouri at Rolla. Hamblen figures that the 12,000 to 14,000 new bachelors of computer science who graduate this year will have a choice of 55,000 jobs. The supply of programmers with four-year degrees, he says, probably won't match demand before 1990.

Excerpted from Readers Digest.

EM 1.15

Colleges will continue to turn out more graduates than the economy needs. The BLS estimates that in the 1980s one in four college graduates will have to take a job beneath his expectations.

This scrimmage for jobs will come at a particularly bad time for women and blacks. By rights, they should now be starting to move up to middle and upper management. But they'll be fighting the population bulge, a slowing economy, and resistance from the white males who dominate some industries.

The '80s job market will put a premium on people who pick the best industry, company and region to work in. Health services, for example, will expand vigorously while many manufacturing jobs barely increase. Banking, retailing, insurance and real estate will need more new people than government, which must hold down spending to fight inflation and appease taxpayers.

Today's graduates are also more likely to prosper in regions where the economy is growing faster than average. The Sunbelt will continue to attract more businesses than the Northeast. Consultant Van Evans expects strong growth in Austin, Charlotte, Raleigh, Tucson, Tulsa and other cities with metropolitan-area populations of about half a million. California still beckons to people in high-technology industries such as computers, office equipment, communications and aerospace.

Inflation complicates the choice of a career. A few strong unions have contracts with escalator clauses tied to the Consumer Price Index, but most employers don't come close to keeping up with today's inflation. Last year's average pay increase for white-shirt workers, from clerks to presidents, was 7.9 percent, while the Consumer Price Index went up 13.3 percent. Jay Engel, director of executive-compensation service for the American Management Associations, says most employers will not normally give more than a 10 percent raise in recognition both of merit and the rising cost of living. Employees of nonprofit or government-regulated organizations, such as hospitals, schools, colleges and utilities, probably won't get even that much. But it is easier for professionals to adjust to inflation. Lawyers, doctors, accountants and consultants can simply raise their fees—within reason.

In pure economic terms, it may be more tempting than ever during the 1980s to skip college and choose a blue-collar trade. The demand for many skilled craftsmen, such as business machine and computer repairers, iron and sheet metal workers and tool-and-die makers, is growing rapidly. A skilled worker with a strong union behind him can earn $20,000 to $30,000 a year. The average male college graduate earned about $23,600 in 1976, and women graduates averaged $13,300.

In blue-collar careers, O'Toole reports that more and more businesses are being started by ambitious young entrepreneurs who don't want to go to college. In six months to a year they can learn a skill such as repairing roofs or installing swimming pools. Then they set up their own businesses. "It's possible for some to make a million by the time they are 30," says O'Toole.

In a way these "wealthy dropouts" illustrate what it takes to be successful in the 1980s. They've seen an opportunity and grabbed it. The '80s are likely to be hard on those who can't adjust. Accelerating technological change will hasten the obsolescence of some jobs and the creation of others. Few people will stick to one career all their lives. Says one consultant half seriously: "I am told by sociologists that the typical new executive will have two families and three career cycles."

EM 1.15

SERVICE INDUSTRIES: GROWTH FIELD OF '80s

Americans keep clamoring for more health care, repair work, service of all kinds - it's a trend that promises a new boost for the economy.

If you are hunting for growing businesses in the '80s, look at services.

Before the decade is over, more than half the nation's economic activity will center on industries that provide services rather than products.

Although steel, autos and other production industries are having troubles, opportunities are expected to increase in retailing, health care, travel, banking and government.

"Services are taking the lead over manufacturing just as manufacturing previously took the lead from agriculture," says Wray Candilis, director of the service-industries division at the Commerce Department.

Already, services employ more than twice as many people as do goods producers and the agricultural sector—63.7 million to 30.1 million.

Now, says this magazine's Economic Unit in a special study, services are expected to provide 53 percent of the nation's total output of goods and services by the end of the 1980s, compared with about 45 percent in 1979.

Service industries reach into every part of the economy, from taking in other people's washing to jobs for doctors, lawyers, waitresses and maintenance workers. Also included: Federal, state and local government employees.

Housing costs take the biggest bite out of personal spending for services, accounting for about one-third of total outlays. The shelter expenditure of more than 210 billion dollars a year includes the estimated rental value of living in a home you own. In second place is spending for medical care, followed by financial and legal services.

So fast are services growing that during the last 10 years the industry created almost 18 million new jobs, compared with less than 2 1/2 million in the goods-producing part of the economy.

Fewer assembly line jobs. That pattern is continuing. Numbers of service jobs are expected to grow 31 percent in the 1980s, while goods-producing jobs rise 14 percent. Industry is looking for more computer, financial and other business specialists, but has less demand for assembly workers.

Consumers with time on their hands and money in their pockets will want more than just goods, say forecasters. People will be ready to spend to travel, to be entertained and to be waited on. They will want better medical care and more help managing finances.

Excerpted from U.S. News and World Report.

EM 1.15

By 1989, according to estimates from the Economic Unit, families will be devoting 49 percent of their personal consumption spending to services, up from 46 percent today and 39.5 percent in 1949. These figures are adjusted to exclude any spending boost resulting just from higher prices.

Analysts note that even when times get tight, sick people continue to need medical care, children continue to attend school, fire and life insurance policies stay in force, and governments keep spending for services such as police protection and sanitation. This, economists say, tends to cushion slowdowns in the economy as a whole.

Where will the boom in services focus during the '80s? If the growth patterns of the 1970s continue, people will spend more of their incomes on health care, utilities and auto repairs, but less on such needs as laundry, cleaning, haircuts and permanent waves. Here's what's expected during the 1980s in major service industries—and the impact on jobs.

Retailing—Some 6 million new jobs will be available by 1990, primarily in eating and drinking establishments, food shops and general merchandise stores. Many of these spots will go to part-time employees. Energy-conscious consumers, meanwhile, are likely to do more shopping closer to home, or by mail, rather than drive to distant regional shopping centers.

WHAT PEOPLE SPEND FOR SERVICES	1978 Spending	Increases Since 1968
Housing	$212.2 bil.	165.4%
Doctors, dentists, hospitals	103.4 bil.	272.7%
Brokerage, banking, legal help	71.1 bil.	164.9%
Electric, gas, water services	49.5 bil.	221.7%
Auto repair	29.5 bil.	232.8%
Telephone, telegraph	23.4 bil.	180.8%
Private education	20.8 bil.	156.5%
Health insurance	12.7 bil.	243.5%
Public transportation	10.2 bil.	105.4%
Movies, theater, sports	7.4 bil.	177.9%
Haircuts, styling	5.9 bil.	64.7%
Cleaning, laundry	4.6 bil.	24.9%
Foreign travel	3.8 bil.	68.3%
Other services	65.3 bil.	121.4%
Total spending	$619.8 bil.	174.8%

IN ADDITION, outlays for government purchases and other items bring total spending on services to more than $1 trillion today—up 179.2 percent in a decade.

NOTE: SPENDING FOR HOUSING INCLUDES RENTAL OUTLAYS FOR DWELLINGS, HOTELS, PLUS ESTIMATED RENTAL VALUE OF OWNER-OCCUPIED HOMES. FOREIGN TRAVEL IS NET OF SPENDING BY FOREIGNERS HERE.

Medical care—There will be more than 4 million new openings. Total employment in medical and dental services, hospitals and nursing homes will jump 81 percent. Especially promising: The job outlook for nurses.

Auto repair—Budget-watching consumers, who are expected to keep their cars longer, will help spur a doubling in the number of auto maintenance jobs to more than 1.1 million. More mandatory auto inspection and tougher enforcement of safety and emission standards will also increase these types of work opportunities. Watch for a continuing shortage of skilled mechanics able to deal with the growing complexity of vehicles.

Lodging—Employment will jump by 72 percent, creating more than 700,000 new slots to fill. Hotels and motels will be a big source of jobs for minorities, women and young people. Business travelers will still be major users, but tourists will grow in importance as customers.

Transportation—Airlines should experience healthy growth as they gear up to serve 200 million more passengers by 1989. Also expanding will be freight forwarding, travel agencies and other shipping and transit services. But there will be fewer jobs in railroading and water transport. Look for about 100,000 new jobs on balance.

Professional services—Accountants, lawyers, architects, auditors, engineers and others will benefit as businesses and individuals expand their need for specialized professional assistance. Some 700,000 new positions will be available in this category.

Business services—By 1990, almost 4.4 million jobholders will be catering to an assortment of business needs—up almost 60 percent from now. New openings will occur in such areas as data processing, secretarial and clerical work, cleaning and security services, photocopying, equipment leasing and employee recruiting.

Finance—There will be room in banking and insurance for more than 1 million new workers. Credit and real estate companies also will boost their employment numbers.

Government—Some 2 million more state and local posts will open up, with most of the gain in administration and public health. Expect little or no growth at the federal level. Teaching job gains will ease.

There's a price to be paid for the shift to more services.

Service industries in general aren't as automated and efficient as manufacturing plants; much costly labor must be used to satisfy customers. On top of that, workers are pushing hard for hefty wage gains.

Therefore, an economy that is heavily service oriented has much underlying inflationary pressure.

The impact is already showing up. Prices for all commodities are up 92.3 percent since 1969, but the cost of services is up even more—108.2 percent. That's despite the fact that service industry wages are significantly lower than those in the mining, manufacturing and construction sectors.

EM 1.15

WHERE SERVICE JOBS WILL GROW IN YEARS AHEAD. . .	Jobs Forecast in 1990	Percent Change From 1979
Water, sanitary services	163,000	Up 123%
Automobile repair	1,137,000	Up 100%
Medical, dental offices	1,882,000	Up 81%
Hotels, lodging places	1,747,000	Up 72%
Nonprofit organizations	2,673,000	Up 66%
Hospitals	4,307,000	Up 60%
Credit, finance agencies	1,167,000	Up 51%
Advertising	219,000	Up 45%
Retail trade	21,482,000	Up 43%
Amusement, recreation services	1,010,000	Up 42%
Banking	2,054,000	Up 36%
Transportation services	252,000	Up 31%
Radio, TV broadcasting	252,000	Up 27%
Insurance	2,117,000	Up 25%
Real estate	1,358,000	Up 19%
Airlines	511,000	Up 18%
Motion pictures	239,000	Up 14%
Trucking	1,587,000	Up 13%
Wholesale trade	5,888,000	Up 12%
Communications, except radio and television	1,221,000	Up 8%
Electric utilities	522,000	Up 4%
. . . AND WHERE THEY WILL DECLINE		
Pipelines	17,000	Down 11%
Waterways	192,000	Down 16%
Railroads	450,000	Down 19%
Gas utilities	168,000	Down 30%

Retailers are boosting their efficiency with computerized checkout and inventory systems. They are hiring more part-time workers to handle the peak shopping times, thus keeping down their full-time staffs.

Restaurants cut costs by using standardized menus and save on kitchen help by serving once-frozen meals.

Architects are using computers to pare their working time on projects.

Future changes in service industries will reflect shifts in the population as well as the search for more efficiency. For example, the number of persons age 65 or more will jump by 20 percent between now and the end of the 1980s. That means even higher levels of demand for medical care. In contrast, declining school enrollment at the high school and college levels is the reason for fewer new school jobs.

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Also spurring a wide variety of service industry business will be an increase to 29 percent in the share of the population 30 to 49 years old, compared with about 24 percent today. That's a big spending age group that's likely to be eager for more travel, entertainment, financial services and choices for shopping opportunities.

Thus, in the decade ahead, Americans will be spending more and more to serve each other.

PERENNIAL PROBLEM What To Do Regarding Economics And Managing Resources

PRACTICAL PROBLEM What Should I Do Regarding Decision Making?

CONCERN/CONCEPT Personal Factors Affecting Consumer Decisions/Resources

HOMEMAKING SKILLS

- Identify types of resources

PROCESS SKILLS	CONCEPTS	STRATEGIES
MOTIVATIONAL ACTIVITY	Types of resources	Using a bulletin board/overhead, identify the three types of productive resources. --Natural (Includes land and energy-producing resources.) --Human (Labor resources in form of effort, skill, knowledge.) --Capital (Machines, buildings, equipment.) List products and demonstrate how they utilize all three forms of resources--cotton [raw]/cotton [natural] transformed into garment [human labor] using machinery [capital]. Give examples of each of the types of resources.
PROBLEM	Productive resource use	Read *Green River Blues. --What items did Keith use as tools (capital resources)? (Safety pin, rubberband, string, bottom of soft drink bottle, knife.) --What goods or services did he produce or obtain with these capital resources? (Fish, fire for cooking, shelter.) --What natural resources did Keith use? (Fish, bark, sun's rays, willow trees, grass, water.) --What scarcities faced Keith and what did he do about them? • Means of lighting fire (Used soft drink bottle.) • Shelter (Built a lean-to.) • Protection against insects (Used smoke from fire.) • Food (Improvised means to catch fish.) • Cooking utensils (Wrapped fish in wet leaves.)

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Productive resource use (continued)	--What things were of no value to Keith when he was stranded, but became valuable afterward? (Money) --What things were of value to Keith when he was stranded but would have little value later? (Broken soft drink bottle, wet leaves.) --What things would be of value if Keith had a family?
	Human resource	Make a time line, marking every five years of your life projected to age 40. For the 5th, 10th and 15th years, identify homemaking skills which you had at that age that enabled you to be productive in the home. Project additional homemaking skills which you hope to acquire.

Time Line Example:

AGE

Human Resource	5	10	15	20	25	30	35	40
Count money up to $1.00 →	→							
Set table →	→							
Vacuum floors →	→	→						
Make own breakfast →	→	→						

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GREEN RIVER BLUES

Keith wondered how on earth he could have gotten into such a fix. Here he was miles from civilization with faint chances of making contact with human beings for days or perhaps weeks. He sat down on the damp sand and gazed unhappily at the steep canyon walls. What had started as a canoe trip through the rapids of Green River in western Colorado now took on the appearance of personal tragedy—for Keith at least.

As the canoes hit the last stretch of turbulent water, Keith managed to guide his craft through the first few yards when suddenly he rammed a partly submerged log which was running the rapids too. The canoe spun to the left and to the right in a crazy pattern and in a second the pleasant canoe trip turned into a wild and wet struggle for survival among the swirling waters of Green River.

When Keith's eyes became accustomed to the sand-laden water, he saw his canoe being tossed like a paper cup on the rocks on the west side of the river. The rest of the canoe party members were rushing through the half-mile stretch of rapidly moving water. Even if they knew of his plight, they could do little to aid him. The next landing place where the group planned to meet was many miles downstream. This was no time to change plans. The foaming waters pushed him against his will and lodged him between two massive rocks almost opposite the wrecked canoe.

Breathing short, hurried gasps of air, he held onto the smooth cold rock. It was impossible to get to the canoe, but beneath the east wall of the canyon at this point there was a beach—a strip of land at least. Keith hesitated and then acted. His only hope was to make it to the east bank. The cold water began to numb his arms and legs, but with a last spurt of energy he struggled across the narrow channel of swift flowing water and struggled onto the sandy shore.

He was not alone. Lizards scattered in all directions as he made his way to a higher level, and flies buzzed around his head. He saw in an instant that he couldn't go anywhere. Beyond the few jasmine bushes and willows the canyon walls rose steeply to the cloudless sky. His hands clutched at the damp sand, and he threw it angrily at the churning water. He began to think. If only he had followed instructions about . . . oh well, what good was there in worrying about what he had or hadn't done. At least he was alive, and he could do something to stay that way. He began to survey the situation and laid out on the sand his total possessions: one knife, some string, a small first aid kit strapped to his belt and 28 cents in cash. Oh for a hamburger, he thought, but quickly realized that hamburger stands are not too common on the isolated beaches of Green River. The 28 cents were worthless for the present.

A movement in the small pool of water to his left drew Keith's attention. In one of the many side pools formed by water escaping from the main current of the Green, he saw the fleeting form of fish. His hunter's instinct came into play, and he fashioned a hook from one of the safety pins in the first aid kit. Baiting it with a crude worm made from a piece of bandaid, he lowered the hook into the pool on the end of the string. Eventually he landed a fish.

At least he wouldn't starve, he thought, and then he said slowly to himself, "Raw fish!" The idea was revolting, and he started thinking of an alternative. He needed fire, but how could he get fire? The afternoon sun had just begun to hit his side of the canyon, and he had noticed a soft drink bottle near the water's edge. He smashed the bottle against a rock and, using the thick bottom, began to focus the sun's rays on the dry bark of a dead willow. It was a tedious process, but after 20 or 30 minutes smoke, then flame, began to emerge from the bunch of tinder-dry bark. Later he felt much like a caveman as he crouched over the small fire and licked the last morsel of fish from his fingers.

The sky was beginning to cloud over and his thoughts turned to shelter and sleep for that night. A cooling breeze began to move through the canyon. It occurred to him that he was really a caveman without a cave. Selecting the largest of the rocks scattered on the higher level, he decided to use it as one side of a lean-to shelter. With his knife he cut into the willow stand, and after much bending and pulling and hacking, he managed to produce poles which he used as rafters for his lean-to. He covered them with a mixture of dry bark and grass and decided to hope for the best if it rained.

He kept the fire burning in spite of the smoke the green wood was producing. "Better to have the

Source: Joint Council on Economic Education Curriculum Materials.

EM 1.21

smoke," he sputtered, "than to be eaten alive by gnats." Besides, it could lead to his rescue if anyone took the trouble to look for him. He became depressed at that thought and began to wonder if he was worth looking for. "Anyone as stupid as I am deserves to be lost," he muttered under his breath. Thoughts of how he could be rescued crowded into his mind until finally he gave up and crawled into his home and went to sleep.

A small bird, seeking its first food of the day, awoke him next morning with its short, sharp cries. He stirred himself with difficulty from his hard bed of sand and grass. Sand seemed to be everywhere—in his eyes, nose, ears, and throat. His neck was raw with the pressure of damp sand on the life jacket he had used as a pillow. Staggering to the water's edge, he tried to wash the sleep from his eyes and in the process added more sand. "Sand and water everywhere and not a bite to eat," he thought as he tried to locate the canoe.

It was still held securely in the grip of the rocks. In the canoe were the things he needed so that he could exist for a few days at least: canned fruit, beans, flour, a saw, flashlight, matches, and ... he stopped short. He was wasting his time again. The canoe was as worthless to him as his 28 cents. He couldn't make use of things he couldn't get to.

He thought back on the stories he had heard about Robinson Crusoe and the Swiss Family Robinson. They had managed to survive all right, but they had the fortune to land on South Sea islands with plenty of fruit and animal life. He didn't exactly relish the idea of roasted lizard, but if ... well, he decided to wait and see if the day would bring his rescuers.

In the meantime, he set about making himself more comfortable. A few old wooden crates had been washed ashore, and he took them apart using a small rock. He straightened out the nails and used the wood and nails to reinforce the roof of his lean-to.

The fish in the pool were still biting. This time he cooked the fish by wrapping them in layers of wet leaves (and the ever-present sand!). He wondered how many different ways he could cook fish—dry it, roast it, boil it—no, he didn't have a pot. He could always preserve it by drying it on a board, but that would only be done if he wasn't rescued shortly. Rescued—he rolled the word on his tongue as if it were dessert. How much he'd appreciate all the things he had grown accustomed to at home.

Just then he looked up to see in the distance a group of river runners approaching the rapids. Their rubber rafts fairly bounced from wave to wave. Keith rushed to the river's edge and waved his hands wildly. As they approached they spotted his canoe and then turned to see him jumping frantically on the shore. The runner in the first raft maneuvered the raft into the channel, and Keith almost threw himelf bodily on it.

As he recounted the happenings of the last two days to the river runners, Keith was almost too excited to talk clearly. One word kept coming up in his conversation. A weather-beaten man in a Colorado State Game Warden uniform looked at Keith and asked, "Did you say fish?"

"Yes," said Keith, "I caught them in a side pool."

"I suppose you have a license for fishing," the warden asked, with a twinkle in his eye.

Keith felt in his back pocket and pulled out a soggy piece of paper—his fishing permit. Yep—his fishing had been legal, fully authorized by the State Game Commission.

PERENNIAL PROBLEM What To Do Regarding Economics And Managing Resources

PRACTICAL PROBLEM What Should I Do Regarding Decision Making?

CONCERN/CONCEPT Personal Factors Affecting Consumer Decisions/Life Cycle

HOMEMAKING SKILLS

- Identify changes (including predictable and unpredictable events) in life cycle which affect personal economic decisions

PROCESS SKILLS | **CONCEPTS** | **STRATEGIES**

MOTIVATIONAL
ACTIVITY

Stages in life cycle

Using resources, list and describe the stages in the life cycle

In groups, identify the life cycle stage the pictures describe.

PR

Economic problems in life cycle

In pairs, prepare a skit depicting the following stages. Indicate income level, employment, location, climate, setting—rural, urban. Include two or three economic problems likely to confront persons in each stage. Use practical reasoning process to identify alternatives and consequences for these problems.

--Young single
--Young couple establishing home
--Young couple with infant and toddler
--Single parent with ten-year-old son
--Middle-aged single
--Middle-aged couple with college-age students
--Middle-aged displaced homemaker
--Retired couple

As a class, chart economic problems for each stage presented. In a second column, list major consumer decisions likely to confront persons in that stage.

Choose a television program or read a book that depicts persons in one of the stages of the life cycle. Identify economic problems and consumer decisions.

GOALS
VALUES
FACTORS
CONSEQUENCES
ALTERNATIVES

Analyze way problem was handled or the decision made. Share with class.

--What values/goals did the characters base their decisions?
--What conditions or situations affected their decisions?

PROCESS SKILLS	CONCEPTS	STRATEGIES
SELF FAMILY SOCIETY	Economic problems in life cycle (continued)	--Was the decision best for all characters involved? --If you had this problem, how would you solve it? What values, goals, conditions influenced your decision? How does your solution affect family and community? IEE--Interview persons in different stages of the life cycle. Ask them to describe unexpected expenses, major consumer decisions and how their solutions affected self, family, community. Share findings.
PROBLEM GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES	Unpredicted changes	Brainstorm unpredicted events which affect personal and family economic decisions. --Inflation --Job loss --Job change --Job relocation --War --Pregnancy --Appliance breakdown --Illness of family member --Separation --Divorce --Death of member of family --Parent becoming dependent on adult children (vice-versa) Write events on slips of paper and place in a paper bag. In groups, select one event and analyze possible consequences of these changes. In what ways can you cope with the consequences of these changes?

PERENNIAL PROBLEM	What To Do Regarding Economics And Managing Resources
PRACTICAL PROBLEM	What Should I Do Regarding Decision Making?
CONCERN/CONCEPT	Personal Factors Affecting Consumer Decisions/Economic Needs-Wants-Values

HOMEMAKING SKILLS

- Distinguish between economic needs and wants
- Relate values to economic needs and wants

PROCESS SKILLS	CONCEPTS	STRATEGIES
MOTIVATIONAL ACTIVITY		One student or teacher play a role in overdressed costume with excessive amount of jewelry. Student or teacher reveals that she/he loves to spend money on clothes and jewelry but has no place to live. Discuss the role character's needs, wants and values. Use practical reasoning to analyze the person's decisions.
	Economic needs and wants	Using resources, define an economic need and an economic want. Individually, in three minutes, list goods and services that are essential to life. Compile list on board or chart. Individually, in three minutes, list goods and services that make life more pleasurable. Compile list on board or chart. Discuss how values affect whether items were defined as a need or want. In small groups, do *Wants-Needs.
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES	-Values	John, age 14, wants a moped. For each of the possible reasons listed below, decide whether the purchase would be a want or need and the value indicated. --It will enable him to get to his part-time job so he can contribute to food for his family. His father is unemployed. --It will enable him to get to his job so that he can buy a new stereo for his room. --Most of his friends have mopeds. --It gives him freedom to go where he wants.

PROCESS SKILLS | **CONCEPTS** | **STRATEGIES**

GOALS
VALUES
FACTORS
ALTERNATIVES
CONSEQUENCES

- Values (continued)

--It saves his family transportation costs to school.
--It enables him to participate in after-school sports.
--It gives him a sense of power.
--He likes to race.

Do *What Are Your Finance-Related Attitudes? Discuss the values that are reflected in each statement. Discuss how values might change with different situations.

As quickly as you can, list 20 things in life which you really, really love to do. There are no right or wrong answers about what you should like.

Using the suggested code below, code the 20 items listed above.

--Place the # sign by any item which costs more than $5 each time you do it.
--Put an R by any item which involves some RISK. The risk might be physical, intellectual or emotional. (Which things in your own life which you love to do require some risk?)
--Using the code letters F and M, record which of the items on your list you think your FATHER and MOTHER might have had on their lists if they had been asked to make them at your age.
--Place either the letter P or the letter A next to each item. The P is to be used for items which you prefer doing with PEOPLE, the A for items which you prefer doing ALONE.
--Place a number 5 by any item which would not have been on your list five years ago.
--Place a number 5 by any item which you think will not be on your list five years from now.
--Finally, go down through your list and indicate the date when you did it last.

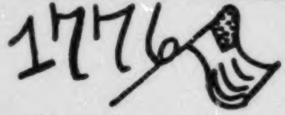
PROCESS SKILLS	CONCEPTS	STRATEGIES
SELF FAMILY SOCIETY	-Values (continued)	Now look back over your list and the codings. --What does your list look like? --Can you identify any patterns in the things you love to do? --Did you learn something new about yourself? --Are there some things you're pleased with? --Is there anything that you would like to change? How might you go about it? --Are there some things you like to do that you have not done lately? What could you do about this? How would your answers change if: --You were married? --Had children? --Were a single parent? --Were handicapped? --Lived in a very religious society?

EM 1.23

WANTS ⇄ NEEDS

We are on a small island in the middle of an ocean. What are things we will need to survive? What are the things that "would be nice to have (wants)?

NEEDS	WANTS
1.	1.
2.	2.
3.	3.
4.	4.



It is over 200 years ago; what would be our wants and needs?

NEEDS	WANTS
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.
6.	6.
7.	7.

Today what are our "needs" and "wants"?

NEEDS	WANTS
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.

EM 1.23

WHAT ARE YOUR FINANCE-RELATED ATTITUDES?

Directions: Read each statement and check your response in the appropriate box.

		Agree	Disagree	Probable Response 10 Years From Now
1.	I would most like to adopt the kind of life this society has typically offered—a good job, a nice family, living in a pleasant neighborhood, and becoming part of the community.	☐	☐	☐
2.	Although many marriages are less than perfect, I believe most people should get married.	☐	☐	☐
3.	Hard work almost always pays off.	☐	☐	☐
4.	Having life and health insurance makes people feel a lot more personally secure.	☐	☐	☐
5.	I am confident about my own ability to control my own destiny.	☐	☐	☐
6.	Each individual should be responsible for his own financial well being.	☐	☐	☐
7.	I am good at managing my money.	☐	☐	☐
8.	It is very important for a person to develop a regular pattern of savings and stick to it.	☐	☐	☐
9.	I plan my spending by the day or week.	☐	☐	☐
10.	I plan my spending by the month.	☐	☐	☐
11.	I plan my spending by the year and beyond.	☐	☐	☐
12.	Money problems may keep me from completing my education.	☐	☐	☐
13.	Life insurance is a great thing; everybody should have it.	☐	☐	☐
14.	I am confident about my own future and confident about the future of the country.	☐	☐	☐
15.	I have a great deal of control over maintaining my own health.	☐	☐	☐
16.	I take good care of my own health.	☐	☐	☐

PERENNIAL PROBLEM What To Do Regarding Economics and Managing Resources

PRACTICAL PROBLEM What Should I Do Regarding Resource/Product Management?

CONCERN/CONCEPT Financial Planning/Obtaining

HOMEMAKING SKILLS

- Determine means for securing financial resources
- Recognize relationships between education, employability and lifestyle
- Recognize factors affecting career choice
- Use sources of career information

PROCESS SKILLS	CONCEPTS	STRATEGIES
MOTIVATIONAL ACTIVITY	Sources of income	Develop a bulletin board with the following title: "Pay Day." Use pictures and article captions illustrating a variety of means persons use to secure income (inheritance, robbery, veterans benefits, social security, pensions, payment for use of money, interest, dividends, employment). Discuss the consequences of each means and determine the means most likely to be employed at present by class members. What are other sources you might have during your lifetime? What would be the consequences of not having these sources? Do a roundtable discussion: "If you could get a job right now, how much money would you earn? Is this a job you would like the rest of your life? What would you need to get a higher paying job? What would you need to get a job you would like better?
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES	Financial security	Select four phrases to complete this sentence: "Financial security is ____________." --eating --roof over one's head --money in your pocket --owning nice clothes --owning stocks/bonds --a savings account --steady employment --a car --job skills --having insurance --a college degree --bills paid --a high school diploma --savings fund for emergencies --other ____________________ Discuss the values underlying your choices. What choices might you make when you are 30? 40? What factors (will) affect your choice of phrases? Now? Later?

PROCESS SKILLS	CONCEPTS	STRATEGIES
  GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES	Relationships between education, employability and lifestyle	Review the major source of income for most consumers--employment. Complete an attitude inventory. Read each statement and record feelings by writing agree, disagree, or undecided for each statement. --The amount of money an individual earns in a lifetime depends largely on one's choice of career. --Money is the most important thing to consider in choosing a job. --People with special skills and education usually earn above-average incomes. --Individuals have little control over what their income will be. --When figuring income, count only wages earned on the job. --Some people rate job employment and security above job income. --Future income and the attainment of economic goals depend upon choice of occupation to a large degree. Assign small groups one of the above statements and use library and community resources to verify the facts supporting or refuting the statement.
	Factors affecting occupational choice -Job satisfaction -Income satisfaction -Job prestige -Mobility -Leisure time -Security -Values	Examine career choices and discuss how they can influence one's quality of life and standard of living. Listen to panel of speakers from guidance office and employment agencies. Topics discussed could include: factors affecting occupational choice, traditional and non-traditional occupations, interest and abilities of persons entering field, working conditions, beginning salaries, opportunities for advancement. Interview an employed person, review things they like about their chosen work, dissatisfactions with their work and why. As a class, discuss the interviews. Compile a list of likes, dislikes and reasons expressed by those interviewed. In small groups, study and report on a specific career such as teaching, medicine, engineering, business, self-employment-entrepreneur. Use the following as guidelines for research. --What are the field's advantages and disadvantages? --What types of jobs and opportunities are available? --What types of job satisfaction can be expected?

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Factors affecting occupational choice (continued)	--What personal qualifications are desirable? --What is the future outlook for the profession or occupation? --How much training, education and experience is required to be effective? --Are there job opportunities in my home community or will this career choice necessitate a move? --What might be the consequences of each career? --How will holding each job affect one's family? The community? Use the following as a guideline for group report to class. Each group prepare and present a bulletin board which incorporates the information outlined under guidelines for research. Do *Job Talents For Sale. FHA/HERO--Set up a display "FHA/HERO Talent For Sale," suggesting services and products students can offer to earn money. Using resources, find answers to the following questions. --What is the current minimum wage? --What taxes, if any, do teens have to pay? --What labor laws apply to teens? --Do I need a social security card? --What permits are needed? --What are responsibilities of student employee and employer?
	Career choice	Research and prepare a written report on a career of interest. Incorporate the following concepts in research paper: reasons for career choice, including factors affecting workability of choice and consequences on self and others, self analysis, job analysis, lifestyle, standard of living. Suggested resources: DICTIONARY OF OCCUPATIONAL TITLES, OCCUPATIONAL OUTLOOK HANDBOOK.
	Reliable sources of career information	Discuss reliable sources of information (how to obtain, how to evaluate).

EM 2.11e

JOB TALENTS FOR SALE

Profile Occupational Guide Sheet

Name: ____________________

1. If I had to start work tomorrow, what occupation would I choose?

2. How much could I make?

3. What education at the present time do I have that I could use?

4. What personal traits do I have that could help me in finding and holding this job?

5. What skills do I have that would help me?

6. How would my school record help or hinder me in securing a job?

7. Where would this occupation be in demand?

8. Whom could I ask to recommend me for this occupation? List at least three.

9. What could I do while working to obtain further training?

10. If I didn't have to start work tomorrow, what occupation would I choose?

11. How could I prepare for this occupation?

12. What problems would I face in preparing for this occupation?

EM 2.11

PERENNIAL PROBLEM What To Do Regarding Economics and Managing Resources

PRACTICAL PROBLEM What Should I Do Regarding Resource/Product Management?

CONCERN/CONCEPT Financial Planning/Obtaining

HOMEMAKING SKILLS

- Recognize means for securing financial independence
- Be knowledgeable of present job market and future trends
- Recognize alternative income sources
- Recognize how a vocation affects one's self, family, community and nation

PROCESS SKILLS	CONCEPTS	STRATEGIES
MOTIVATIONAL	Financial independence	Write and perform minute skits--How can I obtain financial independence? Analyze the various strategies demonstrated in the skits. (Robbery, inheritance, employment, welfare, win lottery.) Discuss. --effects on family, self, society. --consequences on society, if everyone chose strategy. --realistic, workable solution? Why or why not?
GOALS VALUES FACTORS CONSEQUENCES ALTERNATIVES	Sources of income	Discuss major sources of income for most individuals--employment. Identify alternative income sources and consequences of each for self, family--long-term, short-term. Create chart on chalkboard or transparency. Discuss what is necessary to secure employment (skills, knowing the right people, education, being in the right place at the right time, interviewing skills, market trends). Review factors for consideration prior to seeking employment. (Interests, abilities and skills, monetary rewards, personal satisfaction derived from type of work, fringe benefits, working conditions demand for this type of employee.) Involve class in social drama which includes working conditions, physical and mental requirements, time demands, attitude and values of employee.

PROCESS SKILLS	CONCEPTS	STRATEGIES
PROBLEM	Employment decisions affect you, family, community, nation	Write a series of case studies depicting financial independence possibilities for the members of a graduating class. Note how their employment decision as well as other personal decisions influence their life as well as that of their family, community and nation. Example: Jane married immediately upon graduation from high school. She sought and got employment at a fast food restaurant counter service. She married shortly after graduation. She is presently divorced, living at her parents' home and caring for her nine-month-old child. Her present means of income is Aid to Dependent Children.
SELF FAMILY SOCIETY	Effects on family	In small groups, analyze case studies. Has financial independence been achieved? If so, how? What type of decisions were made in relationship to education and employment? What type of vocation and income did they have? How did their decisions affect themselves, their families, community and nation? What will be the short-term and long-term consequences? Next year? 20 years?
		Stress the importance of knowing the present job market and being knowledgeable regarding future trends. Identify reliable sources of job information. Create display for school with suggestions and sources.
		Using resources, identify and describe a minimum of five new occupations which may emerge during the next ten years. Describe how jobs that exist today may change in the future due to shortages of natural resources.
		Identify and discuss the alternatives to the traditional 40-hour work week (job sharing, flex-time, part-time jobs with benefits).
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES		Identify ways the family life cycle and social conditions may affect occupations. (Stress income level, two-income family, standard of living, opportunity costs, children's future, leisure time and mobility.) List characteristics needed for present and future employment (retraining, mobility, math and reading skills).

PROCESS SKILLS	CONCEPTS	STRATEGIES
SELF FAMILY SOCIETY	Effects on community and nation	Research and prepare a written report on personal plans to ensure financial independence. Include reasons for choice, other alternatives possible, ways to achieve goal, why choice will be workable for you and how it will affect the well-being of you and others, now and later. Explain how your choice might affect your community? Nation? Services to utilize (education, government agencies, social services).
PROBLEM	Income procurement	Using any of the following activities, identify income procurement resources other than individual employment such as retirement, investment and public assistance. --Case study regarding economic problems of individuals or families on retirement income and public assistance and investment income. --Newspaper clippings on social insurance problems or individual retirement programs. --Role play--What would you do financially if...(father was laid off, parents were divorced) --How would your spending plan change?
SELF FAMILY SOCIETY		Discuss the following questions to identify requirements of the following: --What are social insurance agencies? --What is social security? Who does it benefit? --What is workman's compensation? --What are investment incomes? --What public assistance programs are available to me? --What other resources such as disability insurance, inheritance income? --Why would you select one plan over another? --How would your choice affect your family? Community? --If your situation changed (social security money available) would you choose the same plan?
	Terms relating to social insurance	Using several strategies below, develop fact sheets on various alternative income sources. (Fact sheet might include items such as who is eligible for benefits, age, income level, disability--how do you apply, number in family.) --Invite speaker from Social Security Administration --Visit program designed to help low income families --Invite speaker from displaced homemaker program

PROCESS SKILLS	CONCEPTS	STRATEGIES
	relating to current legislation	--Interview persons from assistance programs available to community. --Invite savings institution speaker on importance of investment financial planning. --Invite union representatives to speak on workman's compensation. --Interview State Representative or local politician on the future of alternative income sources. Alternate income sources projects. --Report on one type of alternative income source giving pros and cons of that source. What are the effects on self, family and community? --Classroom debates on alternative income sources (welfare debate). --Quiz or test on terms related to social security, workman's compensation, other government programs, charitable agencies.

PERENNIAL PROBLEM What To Do Regarding Economics and Managing Resources

PRACTICAL PROBLEM What Should I Do Regarding Resource/Product Management?

CONCERN/CONCEPT Financial Planning/Spending

HOMEMAKING SKILLS

- Recognize importance of planned spending
- Utilize practical reasoning skills in planning spending to meet needs and wants
- Examine, compare and evaluate spending plans
- Formulate a money management plan

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PROCESS SKILLS	CONCEPTS	STRATEGIES
MOTIVATIONAL ACTIVITY	Wants, needs, values, decisions	Develop a bulletin board with the title "To Buy or Not to Buy?" Bring in a picture of an item you currently desire and are interested in purchasing. Discuss the variety of wants.
		Develop a vocabulary list incorporating student responses. --Goal (Object or end one strives to attain.) --Wants (The goods and services you desire.) --Needs (Necessities essential to life.) --Values (One's internal feelings about what is good, desirable, and important. Values are guides for thoughts, actions and goals; and they are standards for judging the benefits and costs of decisions.) --Decision-making (The process of choosing among two or more wants or needs.) --Life stage (A period in life.)
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES		In pairs, write and present a minute debate on the following topics. --It's silly to try to save money at our age. --Teenagers should have charge accounts. --Parents know best what your allowance should be. --Why plan your spending when you don't know what your income will be. As a class, identify goals, wants, needs and values in each debate.

PROCESS SKILLS | **CONCEPTS** | **STRATEGIES**

Long-range goals

Discuss the value of long-range goals and financial planning. Review the bulletin board containing the illustrations of students' present wants. Relate possible consequences should they elect to go purchase the item now or to wait (opportunity cost factor).

SELF
FAMILY
SOCIETY

Interview a minimum of two persons (another teacher, guardian) to determine some errors and effective skills in managing one's income. Class compile a list of common errors and effective management skills. List five skills you will need to acquire for money management. Do *Skill Wheel. Discuss questions similar to the following.

--Why is it important or not important to have these skills?
--What might happen if you did not acquire these skills?
--How would this affect you, your family and community?

Interview two students asking:

--What do you spend the largest amount of your money on?
--What are three things you do to manage your money?
--What one piece of advice would you give regarding managing money?

Money management plan

GOALS
VALUES
FACTORS
ALTERNATIVES
CONSEQUENCES

Complete *Decisions...Decisions...Decision Making. Discuss personal expenditure patterns by keeping individual logs. Write a list of typical expenditures on the chalkboard and divide into "fixed" (expenditures happening again and again) and "flexible" expenses.

Fixed		Flexible
Rent	May Vary	Entertainment
Life insurance	Food	Car operation (transportation)
Fire insurance	Water	Personal
Auto insurance	Heat (Gas/ Electricity	Clothing
Taxes	Telephone	Medical
Other insurance		Education
Savings		Emergency fund

<table>
<tr><th>PROCESS SKILLS</th><th>CONCEPTS</th><th>STRATEGIES</th></tr>
<tr><td>PR</td><td>Financial planning formats</td><td>Do *Self Test on Personal Spending Habits. Write a paragraph evaluating your strengths and weaknesses.

Develop a weekly (monthly) spending plan based on your own income and expenses. Review references to select formats. Discuss the various format using practical reasoning. Incorporate school lunches, meals away, sport events, clothing, transportation, other recreation costs. Draw case situations (married couples, two singles, elderly) and work out budget plans for the different situations. Do *Vine Covered Cottage. Discuss opportunity costs (choosing this over that, what do you give up?).</td></tr>
<tr><td></td><td>Consumer skills</td><td>Practice skills necessary to assist you with carrying out your financial plan (checkbook balancing, envelope budget system, unit pricing, using resources). Develop a budget simulation using computer software.

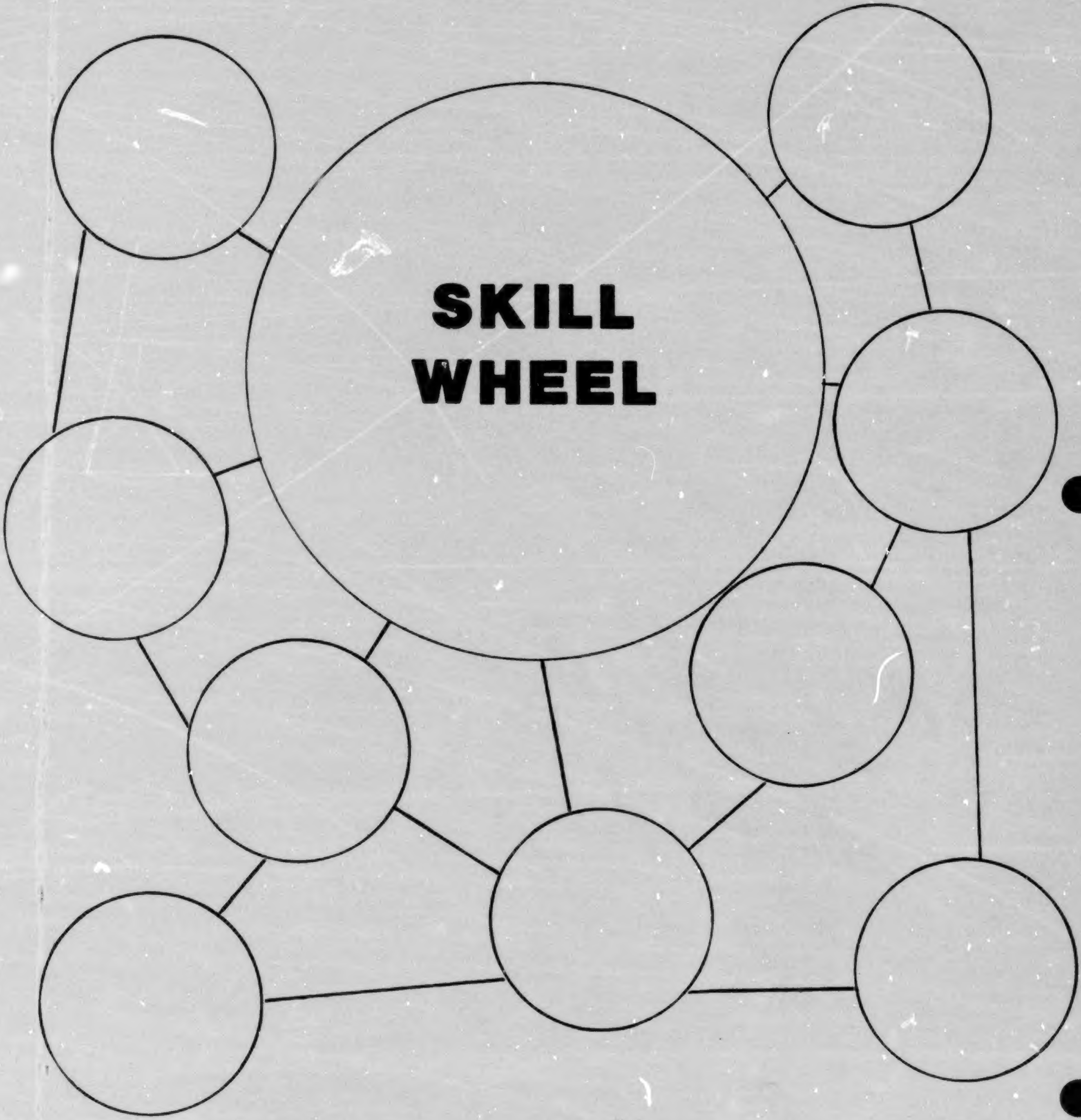
Reflect on how the way you spend your money affects you, family and community by using the chart below. Test your thinking by using the questions that follow.

<table><tr><th>Expenditure</th><th>Self Effects</th><th>Family Effects</th><th>Community Effects</th></tr><tr><td></td><td></td><td></td><td></td></tr></table>
--What would happen if everyone did this?
--If you were another person, would you do the same?
--In a new situation, would you do the same thing?

Do *Making A Future Budget Work For You.</td></tr>
<tr><td></td><td>Banking</td><td>Using resources, identify banking services. Reinforce any needed skills.

--Check writing
--Balancing checkbooks
--Deposit slips</td></tr>
</table>

DIRECTIONS: THINK ABOUT PEOPLE WHO YOU THINK MANAGE THEIR MONEY WELL. WHAT DO YOU THINK THEY DO TO MANAGE? WHAT SKILLS DO YOU THINK THEY HAVE?



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EM 2.12e

DECISIONS ... DECISIONS DECISION MAKING

Teacher Objective: To discover the types of consumer decisions your students are making...what their feelings are about "wants" and "needs." Then utilize data as a basis for insight and planning teaching strategies for the study of Consumer Decision Making!

Student Objective: To recognize various decisions that one makes as a consumer and to decide whether these decisions are "wants" or "needs."

Directions for Students: ☐ Check below in the boxes provided decisions that you have made or will be making.

N or W Then place a "W" for an item that you think would be a "want" and "N" for items that you think are "needs."

☐ ____ 1. Records and Tapes
☐ ____ 2. Gifts
☐ ____ 3. Cosmetics
☐ ____ 4. Bicycle
☐ ____ 5. Entertainment
☐ ____ 6. Movies/play, etc.
☐ ____ 7. Sport events
☐ ____ 8. Sports
☐ ____ 9. Clothing
☐ ____10. Jewelry
☐ ____11. Snack foods
☐ ____12. Car
☐ ____13. Car repairs
☐ ____14. Uniforms
☐ ____15. Sports equipment
☐ ____ 16. Hobby items
☐ ____ 17. Motorcycle
☐ ____ 18. Furnishings for room
☐ ____ 19. Tape recorders
☐ ____ 20. Calculators
☐ ____ 21. Stereo
☐ ____ 22. Pet items
☐ ____ 23. Musical instruments
☐ ____ 24. Books
☐ ____ 25. Magazines
☐ ____ 26. Grooming items
☐ ____ 27. Camping equipment
☐ ____ 28. Bus fare/other transportation
☐ ____ 29. Paying household bills
☐ ____ 30. School-related items for study

EM 2.12e

SELF-TEST ON PERSONAL SPENDING HABITS

This questionnaire, if filled out as accurately as your memory permits, will help you to discover your weaknesses in personal money management. Each "yes" answer rates 5 points. Add the points to find your money management IQ. If your score is:

Over 75 - consider yourself a good money manager
Between 75 and 55 - consider yourself average
Between 55 and 35 - you are below average
Below 35 - you are very poor

1. Have you made a rough plan for your large expenses for the year?
2. Have you kept a written record of your expenditures for at least one month?
3. Have you examined your record of expenditures and made necessary changes?
4. Are you seldom "broke" before your next allowance or income is received?
5. When "broke," do you generally get along as best you can until your allowance is received?
6. Do you avoid making yourself miserable and unhappy by fretting about something you want but cannot afford?
7. Are you in the habit of spending moderately on personal grooming?
8. Can you generally be entertained without spending money?
9. Do you usually resist the spending pressures of friends?
10. Do you resist the spending of money according to your whim without regard to what you really need?
11. When "broke," do you tend to avoid getting an extra sum from your parents or guardian?
12. If you saw a clothing item in a store where you have a charge account, would you be likely to think about how to pay for it before you bought it?
13. Are you careful about not leaving cash in your room or carrying fairly large sums of money on your person?
14. Do you usually avoid buying clothes that you may wear only a few times?
15. Do you spend a moderate amount of money for food between meals?
16. Do you usually save ahead for something you want very much, such as a new dress or suit, a gift, a prom?
17. Do you make it a habit to go to more than one store to compare price and quality before deciding on a big purchase?
18. Would you say that about half your purchases are planned in advance and are not merely "impulse" buying?
19. Do you know whether your family carries personal belongings insurance, protecting such items as your luggage, clothes, jewelry, golf and tennis equipment?
20. Can you resist buying bargains just because they are advertised as bargains?

YOUR SCORE: The number of checks ( ) x 5 = ( ).

From: The Consumer in American Society, by A. Troelstrup, 1974, p. 133 (used with permission of McGraw-Hill Book Co). Office of Education. Housing Management Services Curriculum Guide, p. A-130.

EM 2.12e

VINE COVERED COTTAGE

(A Case Study for Consumer Decision Making)

Housing, Home Furnishings and Equipment

PRIORITY RANKING

Objective: For students to gain experience in clarifying their own values and decisions through use of discussion and ranking priorities.

Directions: Have each student listen to a tape or read the following case study and then have each student rank what the couple should buy first, second, third, etc. Then have two students, one play the role of the husband and one the role of the wife and have them rank priorities together.

Steve, 26, and Mary Ruth, 25 (M.R.), have been married now for six years. They have three children, Dannie, 3-1/2 years, Bobbie, 5 years and Sue Ellen, 16 months. They rent a 75-year-old two-story, three-bedroom house in a rural area. They are trying to save money to buy their dream house and the various other wants and needs of their family. They are trying to decide what should be done first, second, third, and so forth. They are trying to consider each other's feelings, the budget and the logical order of purchases and savings they should try to accomplish.

Steve works as a factory worker and earns around $350 take-home pay, while M.R. works as a secretary earning $250 per week take-home pay. Their budget is approximately as follows for each month:

Gas	$ 80.00 (budget)	Gasoline	$100.00
Electricity	30.00	Insurance	40.00
Telephone	16.50	Entertainment	50.00
Food	250.00	Day Care Center	140.00
House Payment	325.00	Used Car Payment	95.00

How would you have them rank the following?

____ savings per week ($10, $20, $30) for house
____ a sewing machine to make family clothes
____ a lawn mower
____ buying a new stove
____ a new bed for baby, Sue Ellen
____ curtains for living room
____ new winter coats for children

____ color T.V. set
____ new shotgun for deer hunting
____ tent for camping
____ new car
____ a new couch
____ throw rugs for dining room
____ bicycle and tricycle

Developed by: Consumer Economic Education Unit, Ohio Department of Education.

EM 2.12e

MAKING A FUTURE BUDGET WORK FOR YOU

How much would you have to take home each month in order to support yourself according to your proposed budget?

What kind of job can you find now with your education and experience that pays the money you need to support yourself?

What are some implications for your future planning?

What type of financial recordkeeping system would you elect to use for your first budget? Why did you choose this system over others?

Food for Thought: Most people stop budgeting for the following reasons:

1. They follow a budget for a lifestyle that does not apply to them.
2. They spend too much time recording minor details. They get discouraged because the budget takes too much time and energy.
3. They are unorganized and don't keep practical or accurate records.

How does the financial recordkeeping system you selected avoid these pitfalls?

PERENNIAL PROBLEM	What To Do Regarding Management Economics and Managing Resources
PRACTICAL PROBLEM	What Should I Do Regarding Resource/Product Management?
CONCERN/CONCEPT	Financial Planning/Spending

HOMEMAKING SKILLS

- Recognize spending decision-making skills important throughout the life cycle
- Understand how your spending decisions influence the marketplace
- Recognize how to handle financial problems

PROCESS SKILLS	CONCEPTS	STRATEGIES
MOTIVATIONAL ACTIVITY		How much do you think your family spends on you? Estimate each of the following and then obtain actual figures. --Clothing --Food --Shelter --Utilities --Personal care --Investments --Transportation --Medical care --Dental care --Insurance --Recreation --Education --Other (books, magazines, music lessons Do *How Do You Feel About Money? Save till end of module.
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES	National spending patterns	Using resources and library references, research national spending patterns. Write a profile of who is doing the spending and for what. Note resulting market trends. Include effects of teenage spending.
	Market trends	Discuss results of research and develop a bulletin board entitled "Power by the Pound" which depicts research results.
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES	Stage in life cycle affects financial planning	Invite persons or tape interviews (IEE) from community representing different life stages (college student, single person employed first year, beginning family member, growing family member, family with child in college, retired family member) to discuss changes in their values and goals and how these have affected their spending and financial planning. Further discuss how your values and goals might affect the planning.

PROCESS SKILLS	CONCEPTS	STRATEGIES
PROBLEM	Personal financial plan	Do *Reasons for a Spending Plan. Review importance of having a personal financial plan and financial planning formats. (See Module 2.12e.) Choose one of the three wage earners on *Case Studies-Wage Earners sheet. Use resources to determine allocations for *Financial Planning Sheet. Give written justification for each expense allocation.
	Financial planning formats	Write descriptions on assigned panel presenter. (Panel described above.) The descriptions to include: life cycle stage, description of family goals and values expressed, types of expenditures experienced, financial planning techniques. Edit the descriptions and incorporate in following assignment. Divide class into family size groups and have each group develop a plan for one of the family situations. Review examples of case studies *Life Styles and Financial Planning. Research problems encountered by persons living on incomes provided through social security or public assistance. Determine utility, housing, medical, food and entertainment costs. Relate these findings to what community organizations are doing to augment the income of families and individuals who cannot meet their needs without help. Suggest management strategies which can ease some of the problems.
PROBLEM	Emergency expenditures	Make a list of unexpected events and emergency expenditures which could occur and create a financial crisis. (Break leg--medical expenditures, appliance breaks, brakes go out on car--repairs, laid off--loss of income.) Discuss ways to deal with each crisis described, which of the crises could be avoided and how (break leg, have medical insurance)?
	Financial crises preventive measures	Review financial practices which are likely to bring about financial crises or disasters. (Do not include in financial plan provision for emergencies, have no financial plan just live from one paycheck to the next.) Discuss. --How and why financial problems and crises differ among different individuals and families? --How financial crises might relate to income or occupation? --How financial difficulties change at different life cycle stages?

PROCESS SKILLS	CONCEPTS	STRATEGIES
GOALS VALUES FACTORS CONSEQUENCES ALTERNATIVES	Sources of help	Determine what to do should you be faced with a financial crisis. Using resources, compose a list of social and government agencies which exist to help individuals deal with financial crises. Look in the yellow pages of the telephone directory to see if these agencies are available in your community. Note the type of crises they would prove most helpful. Develop a list of services available to assist in financial crises. Include the type of crises and kind of help that can be provided. Discuss how these types of assistance might aid you, others, your family, your community.
PR	Planning problem	Call the local credit bureau or financial aid society and have a representative discuss credit problems. Use the practical reasoning process on actual case studies which involve financial planning problems. Do *Financial Plan.
PR	Reflection	Do *How Do You Feel About Money again. Did any of your responses change based upon new knowledge? As a class, choose the ten most controversial issues. Use practical reasoning to generate alternatives and consequences and test decisions.

EM 2.12

HOW DO YOU FEEL ABOUT MONEY?

LEVEL V

Strongly Agree
Agree
Undecided
Disagree

1. Money is important to me at any age.
2. I have enough money for the things I need.
3. My parents need to know how I use money.
4. I should have a savings account in a bank.
5. I should have a good idea of the amount of our family income.
6. I should earn some of the money I spend.
7. I should have an allowance, and in addition, enough extra money for clothes.
8. The way I spend my own money reveals the value I place on money.
9. No matter how much you have, spend less.
10. Husband and wives should have a joint banking account.
11. If I can't pay, I can owe.
12. Good money management is an essential element in a happy marriage.
13. Working wives should decide how their salaries are to be spent.
14. Newlyweds should be able to start housekeeping on the same economic level as their parents.
15. Working children should pay room and board if they live at home after graduation.
16. Money matters should be discussed before marriage in the light of day rather than in the moonlight.
17. The ideal husband is one who definitely does not want his wife to work.
18. One should consider the possible earning power when selecting a mate.
19. The wife should help support the family by working outside the home.
20. The money on hand at the time of marriage affects the success of the marriage.

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Source: "Management and Family Economics." Florida Department of Education.

EM 2.12

REASONS FOR A SPENDING PLAN

Directions: Put a + in the blank beside those items you think are reasons for using a spending plan, and an 0 beside the items you think would not be benefits of using a spending plan.

A. ____ Enables one to earn more money.

B. ____ Helps one make future plans.

C. ____ Allows one to know how much money is available to work with.

D. ____ Determine how much income has already been committed.

E. ____ Shows how much money is required for daily living expenses.

F. ____ Helps one get the most out of one's money.

G. ____ Shows how much money is available for new expenses.

H. ____ Increases monthly income.

I. ____ Decreases worry over money.

J. ____ Enables one to satisfy more of one's wants.

K. ____ Provides cash reserve to take advantage of sales and bargain opportunities.

L. ____ Enables one to be more self-disciplined.

M. ____ Encourages examination of values.

N. ____ Helps one to become a regular saver.

O. ____ Helps one to understand that money has value other than immediate expenditures.

P. ____ Keeps one conscious of limiting spending to usable income.

Q. ____ Changes one's values.

R. ____ Lessens the number of family arguments over money.

S. ____ Lets one know where the money is going

T. ____ Changes the way one spends money.

EM 2.12

CASE STUDIES - WAGE EARNERS

WAGE EARNER #1

This person is a student who still lives at home and attends high school. The pay is $3.35 (minimum wage) an hour for a 20-hour week.

GROSS PAY (one week)	$ 67.00
DEDUCTIONS	
Federal taxes (No. dependents claimed S-1)	2.90
State taxes	.29
City taxes (2%)	1.34
Social Security (6.7%) or other retirement	4.49
Insurance type	
Other type	
TOTAL DEDUCTIONS	9.02
NET PAY (one week)	$ 57.98
x 4 (monthly pay)	231.92
x 8% to compensate for extra pays in the year	18.55
Average monthly pay	250.47
Income for use in a weekly budget	$ 58.98

WAGE EARNER #2

This person has left school, and is renting a flat. The pay is $4.25 an hour for a 40-hour week.

GROSS PAY (one week)	$170.00
DEDUCTIONS	
Federal taxes (No. dependents claimed S-1)	21.30
State taxes	1.19
City taxes (2%)	3.40
Social Security (6.7%) or other retirement	11.39
Insurance type	
Other type	
TOTAL DEDUCTIONS	37.28
NET PAY (one week)	$132.72
x 4 (monthly pay)	530.88
x 8% to compensate for extra pays in the year	42.47
Average monthly pay	573.35
Income for use in a weekly budget	$132.72

WAGE EARNER #3

This person has a two-year degree beyond high school, and is renting a flat. The pay is $6.50 an hour for a 40-hour week.

GROSS PAY (one week)	$260.00
DEDUCTIONS	
Federal taxes (No. dependents claimed S-1)	41.60
State taxes	2.75
City taxes (2%)	5.20
Social Security (6.7%) or other retirement	17.42
Insurance type Hospital	4.00
Other type Union dues	3.00
TOTAL DEDUCTIONS	73.97
NET PAY (one week)	$186.03
x 4 (monthly pay)	744.12
x 8% to compensate for extra pays in the year	59.52
Average monthly pay	803.64
Income for use in a weekly budget	$186.03

FINANCIAL PLANNING SHEET

EM 2.12

BUDGET/WAGE EARNER #1

EXPENSES	(weekly)
Housing	
Transportation	
Clothing	
Food: lunch____ other____	
Personal	
Music supplies	
Magazines/Books	
Dues	
Entertainment	
School supplies	
Savings	
Gifts	
Other	
TOTAL EXPENSES	
Net pay (weekly)	
Other income	
TOTAL INCOME	

BUDGET/WAGE EARNER #2

EXPENSES	(w)	(m)
Housing (rent)		
Utilities		
Food		
Transportation		
Medical needs		
Insurance		
Savings		
Clothing		
Laundry		
Hair care		
Gifts		
Magazines/newspapers		
Contributions		
Entertainment		
Miscellaneous		
TOTAL EXPENSES		
Net pay		
Other income		
TOTAL INCOME		

BUDGET/WAGE EARNER #3

EXPENSES	(w)	(m)
Housing (rent)		
Utilities		
Food		
Transportation		
Medical needs		
Insurance		
Savings		
Clothing		
Laundry		
Hair care		
Gifts		
Magazines/newspapers		
Contributions		
Entertainment		
Miscellaneous		
TOTAL EXPENSES		
Net pay		
Other income		
TOTAL INCOME		

LIFE STYLES AND FINANCIAL PLANNING

Widow Betty Keller

Hi . . . I can't believe I'll be 57 next month. I've been a widow now for five years . . . doesn't seem possible. I don't have a car, really can't afford one . . . and isolated in this rural area I find it difficult to find a job. I guess I'm afraid to look for a job . . . I really don't have any skills . . . no typing, stuff like that. I've been a homemaker all my life. My children have their own families and have moved out of state. I do receive $150.00 a month from my husband's pension from the company and I'll receive more when I reach retirement age. Good thing we had some money saved when Ike died and that he had that life insurance policy for $20,000. I need some advice, can you help me get the most out of my money?

John and Nat, On Our Own

Cool baby cool . . . We finally got an apartment. We've wanted to be on our own since we were juniors starting at the vocational school. John and I have been friends since grade school. We even graduated this past June in the same trade area, welding, from the J.V.S. And we both make $8.00 an hour! This two-bedroom apartment, with a dining room, kitchen (stove and refrigerator), living room and patio is just down our alley, $189.00 a month . . . but we do have to pay utilities. We're going to start looking for furnishings soon . . . we need everything . . . we're even sleeping on the floor in sleeping bags now. Do you have any hints you can give us?

Expectant Dena and Ed the Master's Degree Candidate

Yes, we made the big decision that I go back to school to get my Master's degree. I've got a tuition and book scholarship and have been working part time as a graduate assistant bringing a take-home pay of $140.00 every two weeks. Dena and I have been married three years now. Needless to say, we both have mixed feelings about our expectant baby in eight months and the financial decisions that must be made. Dena is bringing take-home pay of $275.00 every two weeks. If everything goes O.K. she plans to work until her eighth month. I could graduate about the same time the baby is due, if I continue my schooling. We do have some savings, $250.00, but our too-small house for a baby rents at $198.00 a month, the car payment is $95.00 . . . what should we do? Should I quit school even if I've been promised a $20,000 job after I graduate? How can I swing it?

Swinging Single Susan

Hi . . . I'll be nineteen on March 21. My name is Susan McCafferty and I live at home with my parents, a sister who is still in high school and a baby brother who is in elementary school.

I work at a local grocery store as a cashier and I earn $125.00 a week take-home. I'm buying a 1972 used Nova, $50.00 per month, and I pay Mom and Dad $50.00 a month for my room rent and food that I eat. I need some advice on how to budget my money . . . What do you think I should do? And what items should go into my budget . . . How do you start anyhow?

EM 2.12

One Day At A Time Krosky

Hi . . . I'll be 33 years old in September. My name is Mary Krosky. I'm a mother of a 6-month-old baby girl, Valerie Ann . . . I'm divorced. I get child support monies from my Ex, $86.00 a month. My mother takes care of Valerie while I work as a clerk-steno. I earn $3.30 an hour. My mother wants Valerie and me to move in with her; I'd rather keep the apartment, but I'm having trouble making ends meet. I need some advice . . . how do I budget?

FINANCIAL PLAN

Directions for using the following form:

First Step: Estimate the disposable, or take-home pay, for the year of the family members and any other expected income such as interest, commissions, bonuses, etc. Total this and divide by the number of psychecks the family will receive in the year. (Divide by 12 if pay is monthly; by 52 if weekly.) This is the disposable income each pay period.

Second Step: Plan savings first. A definite amount should go into regular savings until the family has built up a backlog of savings, enough to take care of six months' living expenses if emergencies arise such as illness, unemployment, death, etc.

Special purpose savings are for any items that are a part of the family's goals for that year, such as college education, a TV, camping outfit, down payment on house, etc. Christmas and vacation money may be saved this way also.

Add the total for the year and divide by the number of paychecks to see how much should be put in savings account each payday.

Third Step: Plan the amount which will have to be set aside each payday for Fixed Expenses. These are expenses the family knows are coming, such as house payment, insurance, utilities, etc., and the amount is fairly predictable. Some come monthly, and some at different times in the year. Most of these expenses are too big to be paid out of any one paycheck, so a proportion of each check should be set aside in a reserve fund so the money is there when the bills come.

List all Fixed Expenses for the year and divide by the number of paychecks to see how much must be set aside each time. This could go into a checking account.

Fourth Step: Plan the family's Flexible Expenses. These are everyday living expenses which are usually paid in cash as the need arises, such as entertainment, medical care, etc. The family should decide who is to be responsible for each item, so that after savings and fixed expenses are put in the bank, the remaining cash may be divided between the family members according to the needs of the week.

Fifth Step: Work out the summary on the last page to see if income and expenditures for each payday balance. If not, the family will have to decide where to make adjustments.

EM 2.12

FINANCIAL PLAN II

List family members:	Ages of children	Other members:	
______________	______	______________	______
______________	______	______________	______
______________	______	______________	______

1. INCOME

Estimate of our disposable income for year 19___:

Salaries ______________________	$__________
______________________	__________
______________________	__________
Other income: ______________________	__________
______________________	__________
______________________	__________
Total disposable income per year..................	$__________
Disposable income each payday.....................	$__________

2. FAMILY CAPITAL FUND

Regular Savings for our Emergency Fund............	$__________
Special Purpose Savings...........................	$__________
Christmas...	$__________
Vacation..	$__________
Other Family Goals: ______________________	$__________
______________________	$__________
______________________	$__________
Yearly total of savings...........................	$__________
Total amount to put in savings account each payday...	$__________

EM 2.12

ESTIMATE OF OUR FLEXIBLE EXPENSES

	Weekly
A. WEEKLY EXPENSES	
Food	
Meals Eaten Out	
Lunches	
Laundry	
Drycleaning	
Yard Care	
Household help	
Gasoline and Oil	
Transportation	
Other	
Personal Allowances:	
Father	
Mother	
Children— (List)	
(other members)	
Other Expenses:	
TOTAL WEEKLY EXPENSES	$

	Yearly
B. PERIODIC EXPENSES	
Recreation	
Books - records	
Subscriptions	
Newspapers	
Special Lessons (Music)	
Gifts	
Household Supplies and Equipment	
Car Repairs	
Medical and Dental	
Other	
Clothing:	
Father	
Mother	
Children: (List)	
(other members)	
Other Periodic Expenses:	
TOTAL YEARLY EXPENSES	$
Total Needed From Each Paycheck	$

SUMMARY OF FLEXIBLE EXPENSES:

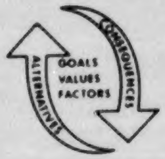
Amount from Column A from each paycheck	$
Amount from Column B from each paycheck	$
TOTAL FLEXIBLE EXPENSES	$

PERENNIAL PROBLEM	What To Do Regarding Economics and Managing Resources
PRACTICAL PROBLEM	What Should I Do Regarding Resource/Product Management?
CONCERN/CONCEPT	Financial Planning/Borrowing

HOMEMAKING SKILLS

- Determine when to use credit
- Recognize how to shop for credit
- Calculate the credit cost
- Interpret credit applications and statements

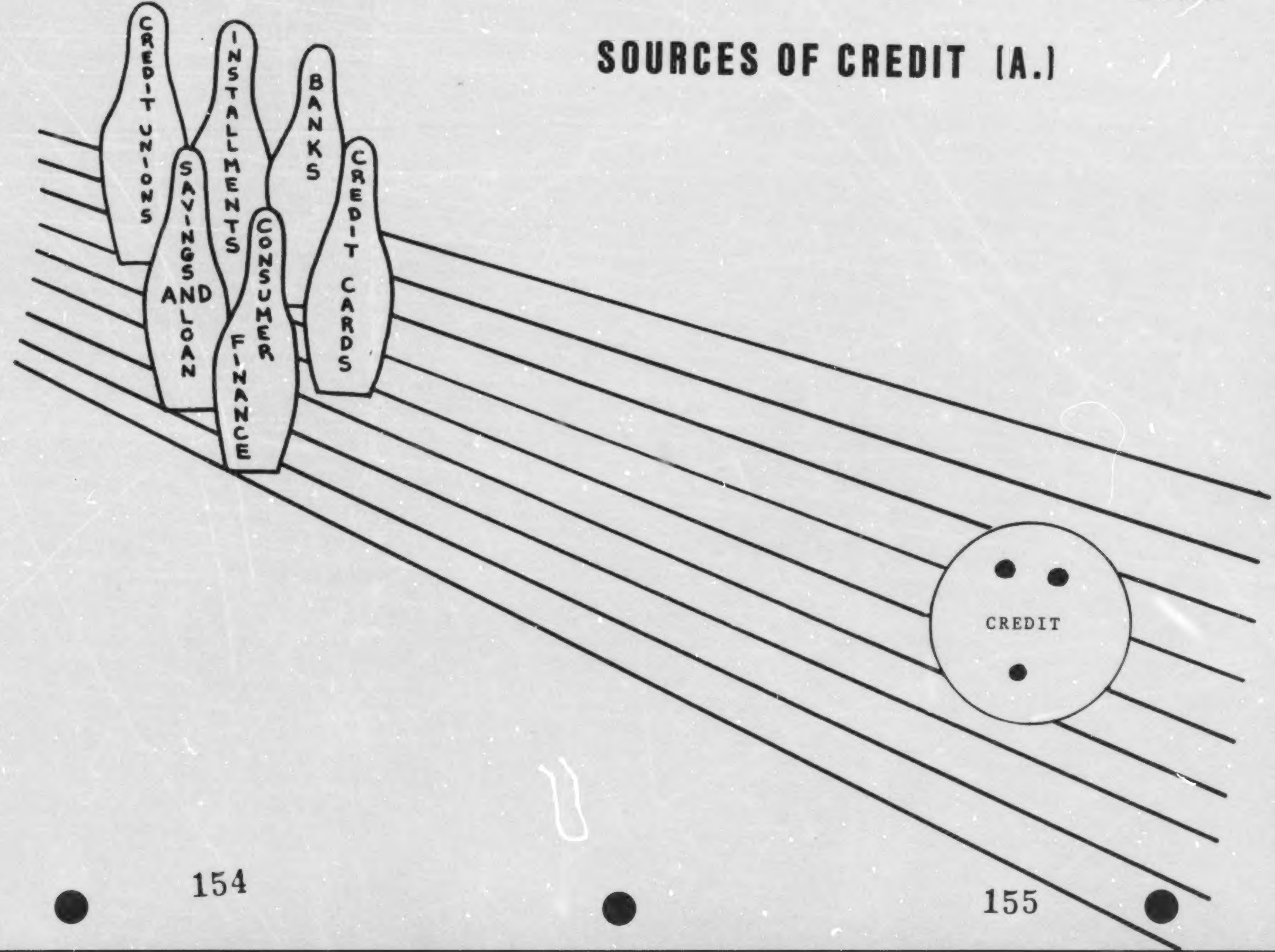
PROCESS SKILLS	CONCEPTS	STRATEGIES
MOTIVATIONAL ACTIVITY	Role of credit in money management	Use *Sources of Credit (A) as a Bulletin Board/overhead. Individually read and react to the following case study.
PROBLEM	Credit sources	Joe had been working throughout high school saving money for a car. He had saved $1,500 and wanted to get a car for graduation. The used car he wanted cost $1,900. He wanted to get this car now--someone else could snatch it up fast because of its good condition. What are Joe's alternatives? (Consider legal and illegal credit sources.) What are the consequences for each action?
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES		Divide the class into working groups assigning each group a source of credit (sources might include: dealer loans, loans for individuals, banks, savings and loans, consumer finance companies, credit unions, insurance companies, relatives, and illegal lenders). Research the cost of the credit and then compare findings with the other report findings. Discuss characteristics of a reliable source for borrowing money, the advantages and disadvantages. Read *Sources of Credit (B).
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES	Credit costs Finance charge	What factors should Joe consider if he should decide to borrow money? (Borrow money costs, comparison shop for best interest rates, finance charges.) Figure finance charges using different finance charge methods. Compare, discuss and chart the advantage of each method for lender and borrower.

PROCESS SKILLS	CONCEPTS	STRATEGIES
		How you would determine whether to lend something to another person ($5, your car, a new outfit, a pencil)? Make a list of factors which characterize people who are good credit risks. Compare your list with the standards used by one or more local businesses. Investigate the responsibilities that come with co-signing a loan. Write a short paper entitled "Why I Would (or would not) Co-sign a Loan for My Best Friend." As a class, share ideas. Invite a person from a local bank or loan association to discuss the pros and cons of co-signing a loan.
	Loan qualifications	Invite a speaker from a nearby lending institution to discuss the ways to borrow for different purposes and what kind of loan a school-age person might be likely to use (cash loans, character loans, co-signer loans, collateral loans). Ask the speaker to distribute and discuss a credit rating sheet or chart used to determine the eligibility of a customer for a personal loan.
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES		Locate sources of credit in your community where Joe could obtain $400. Research qualifications for loan, repayment arrangements, interest rate, total cost of loan, other services. Secure examples of credit applications and contracts. Develop a wall chart comparing the sources. Discuss the following questions. --What values, goals, conditions might influence Joe's decision? --If Joe had children, family obligations, what alternative do you think he might choose? Why? --What if everyone chose this alternative, what might happen?
	Credit application	Fill out sample application loan forms. Follow up with a discussion using the following questions. --What type of questions were asked? --What are your legal rights and obligations? --What are the consequences if everyone failed to complete the full application? --How might you feel as a lender if you were looking at your application? --Are you a good risk?

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Types of credit	Review and discuss other sources of credit you or close acquaintances are presently using (credit card, installment plan, revolving charge, cash credit, sales credit, service credit). Read *Types of Credit.
	Credit cards	Discuss the popularity of credit cards. Using resources, working in groups, develop a chart listing advantages and disadvantages for credit card use, the cost for use of credit card, interpretation of monthly credit card statement, procedures to follow should you lose a credit card.
	Method of finance charge	Compare the various finance charge methods and their costs or benefits to consumers. Figure the costs or savings for each. Discuss consequences of using each method. Ask key questions: Why would you choose one method over another? What condition might change your decision? Divide the class, debate the following statements. --Credit cards tempt people to overspend. --Teenagers should not use credit. --Credit should be used only for emergencies and absolute necessities. Evaluate the debate, giving points for facts cited to refute or support the value positions.

EM 2.13e

SOURCES OF CREDIT (A.)


CREDIT UNIONS
INSTALLMENTS
BANKS
SAVINGS AND LOAN
CONSUMER FINANCE
CREDIT CARDS
CREDIT

EM 2.13e

SOURCES OF CREDIT (B)

Stores -- offer charge accounts and installment plans. The amount of interest you pay depends on the store where you buy.

Banks -- charge a lower interest than most other places that lend money. To borrow from a bank, you must have a good reason and be a good risk.

Credit Unions -- are formed by a group of people. You must pay money into the credit union to join. You earn interest on your money. Members may also borrow money. You need a good reason to get a loan, just as you do at a bank. Each credit union decides how much interest it will charge. Their charges are usually about the same as a bank.

Personal Finance Companies and Small Loan Companies -- extend loans to people with high risk credit ratings. You pay more interest than you would at a bank because you do not need to own much property to back the loan. At some companies you do not need to own anything to back up the loan but the interest rate will usually be even higher.

Pawnshops -- loan money, too. You must leave something valuable like a watch or a television with a pawnshop. They do not give you much money for what you leave. They can sell it if you do not pay back the loan when you say you will. Pawnshops charge high interest rates.

Illegal Lenders -- charge very high interest rates. Sometimes they are called "loan sharks." They charge more than any other place you can get credit. For your own good, do not borrow from illegal lenders.

EM 2.13e

TYPES OF CREDIT

There are three main types of credit. These are: sales credit, cash credit and service credit. Place these headings on a flannel board or bulletin board and place examples of each type under the heading as they are discussed.

SALES CREDIT--credit you receive when you make a purchase now and promise to pay later.

1. Installment Plan - payments to the store are made in equal amounts over a period of weeks or months. A down payment is often required. Many people use this plan to buy things that are expensive. The store can take back what you are buying if you do not make the payments. This type of credit is usually used for big things, like a washing machine, television or furniture.

2. Charge Accounts - are offered by many stores. The store may tell you how much you can charge. Sometimes, however, no limit is set. You usually get a bill each month telling you how much you owe. Charge accounts may be different types. One kind is the "open charge account." With this kind of charge account, you must pay the entire amount when you get the bill. You pay no interest on this kind of account. With another kind called "budget accounts," you must pay a certain amount each month as long as you owe at least that much. If you owe less, you pay less. You pay interest on what you still owe. Still another kind is called "revolving credit." The amount you must pay depends on how much you still owe. This amount is a certain percentage of what you owe. You pay interest on what you owe.

3. Lay Away - another type of sales credit. The store keeps the item you purchase until you have paid the whole amount. This is good when you want to take advantage of a sale and do not need the item for awhile. No interest is charged at most stores.

4. Credit Cards - another type of sales credit. They are similar to installment plans. They are convenient to use when you do not want to carry much cash.

CASH CREDIT - credit you receive when you borrow cash and pay it back later.

Personal loans may be either installment loans or single payment loans. Personal loans are particularly useful when you need cash to meet an unforeseen emergency or to help your family through a period of unexpected financial stress. A personal loan can help pay rent, buy food and meet medical expenses when the head of the household is temporarily out of work or some member of the family is seriously ill. If it is repaid in a number of equal payments, it is an installment loan. If the loan is repaid all at once, it is a single payment loan.

A mortgage is also a loan. It is usually used when a family buys a house. The house is the security for the loan. The family pays back the loan in monthly payments. When the loan is repaid, they own the house.

SERVICE CREDIT - credit given for a service one's family receives and pays for later.

You use service credit when you make monthly payments for utilities you have used during the month, your telephone, gas and electricity. You also use service credit when you pay your doctor, dentist or hospital at the end of the month. You use service credit when you have your car repaired at a garage and then pay the bill.

PERENNIAL PROBLEM What To Do Regarding Economics and Managing Resources

PRACTICAL PROBLEM What Should I Do Regarding Resource/Product Management?

CONCERN/CONCEPT Financial Planning/Borrowing

HOMEMAKING SKILLS

- Recognize credit needs throughout stages in life cycle
- Establish a good credit rating
- Realize potential problems caused by misuse of credit
- Recognize laws and regulations in effect to protect the consumer
- Seek legal advice

PROCESS SKILLS	CONCEPTS	STRATEGIES
PROBLEM		Role play: Heather works hard at school and her part-time job. She wants to relax when she gets home. She is tired of hassling to see her favorite sports events on TV. She wants a color TV of her own. She's got some money, $250, she can use. Most portable color TVs she likes are a minimum of $399.
	Credit	--Does she have to have a color TV? (Values) --How can she get a TV? (Steal it, buy one on time.) --Could she qualify to get one on credit? --What criteria do lenders use to determine if a borrower qualifies for credit? Review: --Meaning of consumer credit --Reasons for using credit --Types of consumer credit --Advantages and disadvantages of using credit --Alternatives to using credit
	Credit alternatives	Visit three or more retail stores, representing different types of retail stores. Investigate the cost of purchasing a portable color TV--same model and brand--on the stores' installment plans. Report results to class. Compare cost of credit and record findings on a class chart.

PROCESS SKILLS	CONCEPTS	STRATEGIES
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES	Credit alternatives (continued)	After completing chart, ask these questions. --Which source of credit should Heather use? --What values, goals, conditions do you base this decision on? --Would everyone choose the same solution? Why or why not?
	Local, state and federal credit laws and regulations	Use *Clues for Protection as bulletin board/overhead. Discuss information which must be provided the consumer. Local, state and federal laws and regulations which protect consumers in their credit use. Contact community government agency to determine the laws in effect. Using resources, prepare a one-page fact sheet on information which must be provided the consumer of credit, including how you report violations, common credit violations. Combine fact sheets into an article for school newspaper or as one article in a series of articles.
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES	Potential problems caused by misue of credit	Discuss possible reasons for misuse of credit (confusion regarding needs and wants, desire for status, poor budgeting, failure to foresee emergencies or expenses). Discuss what should you do if you find you have misused credit? Use resources to identify alternatives, consequences and factors affecting the resolution of problem. Discuss case study *What Now? Role play alternative ways to handle problem.
	Credit counseling, legal counsel Consolidation loan	Invite representatives from a credit counseling service, debt adjustment agency, finance company that makes debt consolidation loans. Have them discuss ways debt consolidation can be arranged, fees for service, extra costs in finance charges, advantages and disadvantages of pooling debts, alternatives to debt pooling, criteria for selecting reputable debt adjusters and credit counselors, and how to establish a good credit rating. Visit the local credit bureau. Find out how it operates, type of information recorded and ways to challenge an inaccurate credit record. Collect credit applications from retail stores. Do *Applying for Credit and *You Pay For Credit. Do *Are You A Good Credit Risk?

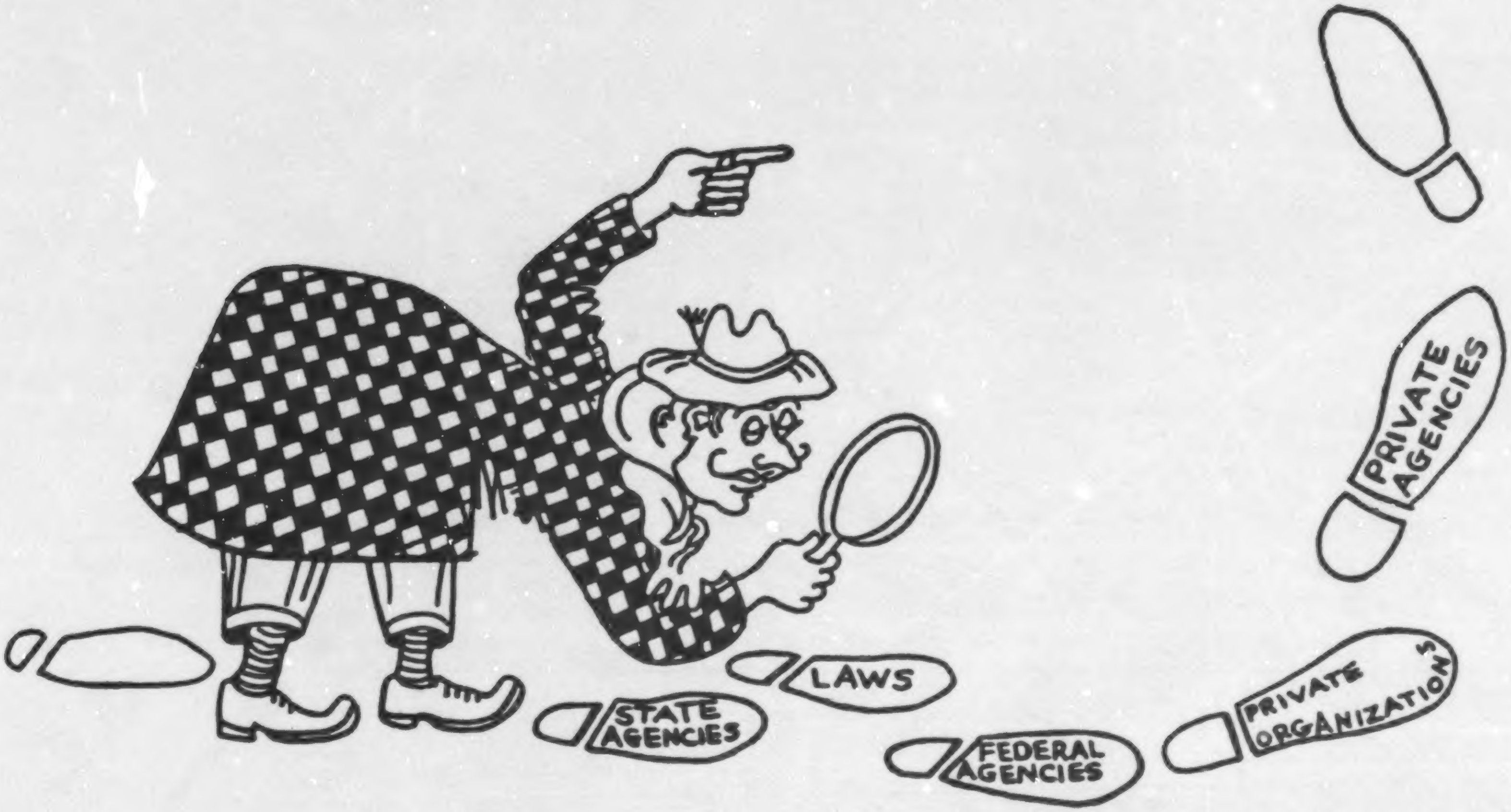
PROCESS SKILLS	CONCEPTS	STRATEGIES
PROBLEM	Lifestyle, life stage affects credit use	Assign small groups a lifestyle/life stage situation. Develop case studies for persons in each lifestyle. For each person, identify an object for which they may wish to borrow money. Describe characteristics of the person--income, other debts, values, needs, goals. --Adolescent living at home. --Young single living in apartment with roommate. --Young married couple, no children. --Single parent, teenage children. --Older person living alone. Complete the chart.

Item	Alternatives	Consequences	Test
	Borrow from a friend bank credit union loan shark Don't borrow		Will it work? What if everyone did? Would I advise a good friend to do this? What if my job is insecure? What if a medical emergency happens?

PROCESS SKILLS	CONCEPTS	STRATEGIES
PR	Effect of credit on economy	Discuss the following "what if" questions to examine the effect of credit on our economy. What do you think would happen to the automobile industry if cars could no longer be purchased on the installment plan? Whose income would be affected if houses could not be purchased on the installment plan? What if teenagers could be issued credit cards? Summarize points made about the effect of credit on the economy.

EM 2.13

CLUES FOR PROTECTION


STATE AGENCIES
LAWS
FEDERAL AGENCIES
PRIVATE ORGANIZATIONS
PRIVATE AGENCIES

EM 2.13

WHAT NOW?

Case Study

Rochelle and Darnell have been married two years. When they first married and set up housekeeping, both were working. Now Rochelle is home caring for their nine-month-old daughter.

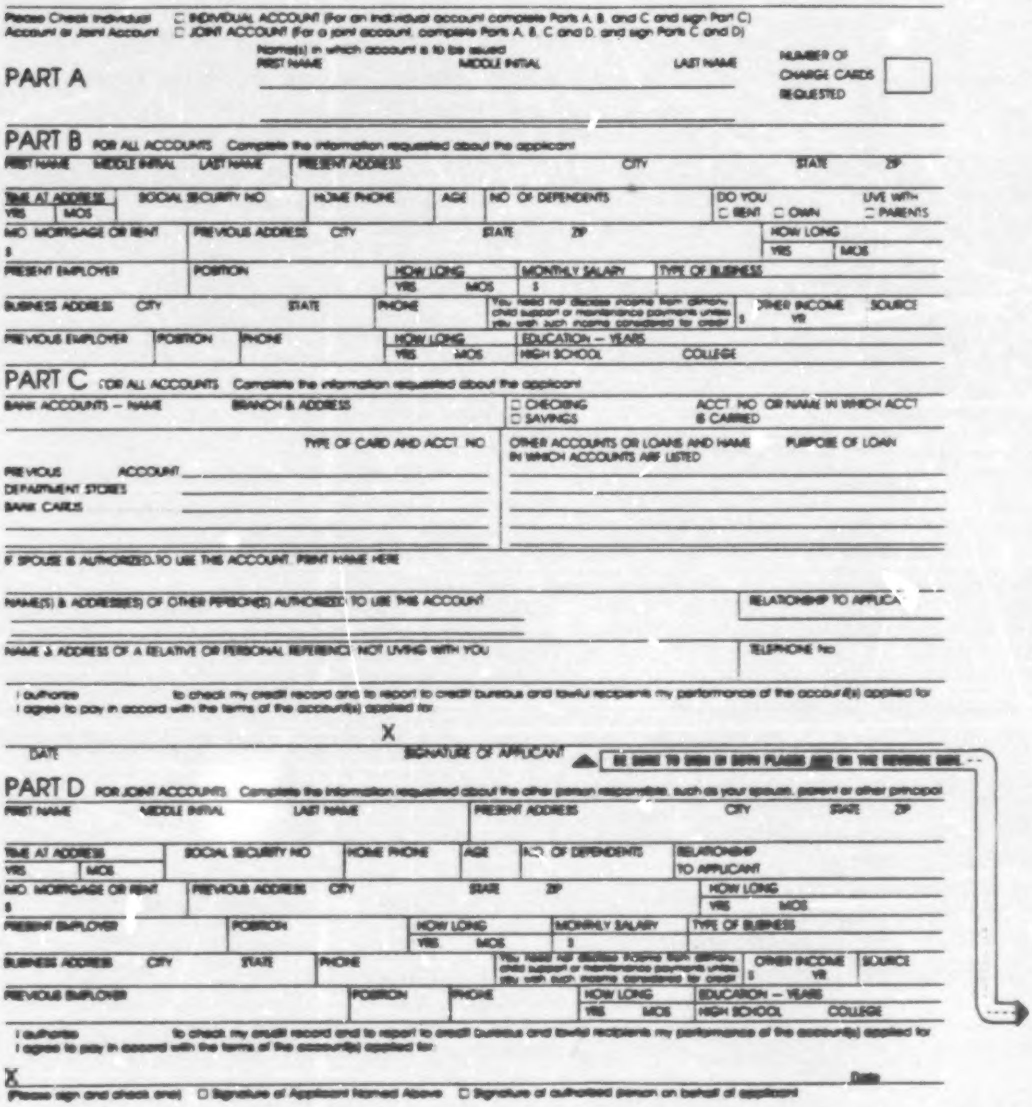
Rochelle and Darnell had nothing when they set up housekeeping. So they made a number of installment credit purchases in addition to acquiring a car loan and home mortgage. They are presently paying off installment credits on a washer and dryer, bedroom and living room furniture, a refrigerator and range. They still owe on their car and home.

Without Rochelle's earnings and the many expenses of the baby, each month they face which monthly bills to pay. They just can't pay them all.

They don't know what to do--which way to turn for help. What are their alternatives? Factors that must be considered? Values that influence each alternative?

Discuss the consequences of each alternative suggested.

APPLYING FOR CREDIT



Please Check Individual Account or Joint Account ☐ INDIVIDUAL ACCOUNT (For an individual account complete Parts A, B, and C and sign Part C)
☐ JOINT ACCOUNT (For a joint account, complete Parts A, B, C and D, and sign Parts C and D)

PART A

Name(s) in which account is to be issued
FIRST NAME MIDDLE INITIAL LAST NAME
NUMBER OF CHARGE CARDS REQUESTED ☐

PART B FOR ALL ACCOUNTS Complete the information requested about the applicant

FIRST NAME | MIDDLE INITIAL | LAST NAME | PRESENT ADDRESS | CITY | STATE | ZIP
TIME AT ADDRESS YRS MOS | SOCIAL SECURITY NO | HOME PHONE | AGE | NO. OF DEPENDENTS | DO YOU ☐ RENT ☐ OWN | LIVE WITH ☐ PARENTS
MO. MORTGAGE OR RENT $ | PREVIOUS ADDRESS | CITY | STATE | ZIP | HOW LONG YRS MOS
PRESENT EMPLOYER | POSITION | HOW LONG YRS MOS | MONTHLY SALARY $ | TYPE OF BUSINESS
BUSINESS ADDRESS | CITY | STATE | PHONE | You need not disclose income from alimony, child support or maintenance payments unless you wish such income considered for credit | OTHER INCOME $ YR | SOURCE
PREVIOUS EMPLOYER | POSITION | PHONE | HOW LONG YRS MOS | EDUCATION — YEARS HIGH SCHOOL COLLEGE

PART C FOR ALL ACCOUNTS Complete the information requested about the applicant

BANK ACCOUNTS — NAME | BRANCH & ADDRESS | ☐ CHECKING ☐ SAVINGS | ACCT. NO. OR NAME IN WHICH ACCT IS CARRIED
PREVIOUS DEPARTMENT STORES BANK CARDS | ACCOUNT | TYPE OF CARD AND ACCT. NO. | OTHER ACCOUNTS OR LOANS AND NAME IN WHICH ACCOUNTS ARE LISTED | PURPOSE OF LOAN

IF SPOUSE IS AUTHORIZED TO USE THIS ACCOUNT, PRINT NAME HERE

NAME(S) & ADDRESS(ES) OF OTHER PERSON(S) AUTHORIZED TO USE THIS ACCOUNT | RELATIONSHIP TO APPLICANT

NAME & ADDRESS OF A RELATIVE OR PERSONAL REFERENCE NOT LIVING WITH YOU | TELEPHONE No.

I authorize to check my credit record and to report to credit bureaus and lawful recipients my performance of the account(s) applied for.
I agree to pay in accord with the terms of the account(s) applied for.

DATE X SIGNATURE OF APPLICANT

BE SURE TO SIGN IN BOTH PLACES AND ON THE REVERSE SIDE.

PART D FOR JOINT ACCOUNTS Complete the information requested about the other person responsible, such as your spouse, parent or other principal

FIRST NAME | MIDDLE INITIAL | LAST NAME | PRESENT ADDRESS | CITY | STATE | ZIP
TIME AT ADDRESS YRS MOS | SOCIAL SECURITY NO | HOME PHONE | AGE | NO. OF DEPENDENTS | RELATIONSHIP TO APPLICANT
MO. MORTGAGE OR RENT $ | PREVIOUS ADDRESS | CITY | STATE | ZIP | HOW LONG YRS MOS
PRESENT EMPLOYER | POSITION | HOW LONG YRS MOS | MONTHLY SALARY $ | TYPE OF BUSINESS
BUSINESS ADDRESS | CITY | STATE | PHONE | You need not disclose income from alimony, child support or maintenance payments unless you wish such income considered for credit | OTHER INCOME $ YR | SOURCE
PREVIOUS EMPLOYER | POSITION | PHONE | HOW LONG YRS MOS | EDUCATION — YEARS HIGH SCHOOL COLLEGE

I authorize to check my credit record and to report to credit bureaus and lawful recipients my performance of the account(s) applied for.
I agree to pay in accord with the terms of the account(s) applied for.

X Date
(Please sign and check one) ☐ Signature of Applicant Named Above ☐ Signature of authorized person on behalf of applicant

BEST COPY AVAILABLE

EM 2.13

YOU PAY FOR CREDIT

CASH PRICE	$149.95
DOWN PAYMENT	- 15.00
AMOUNT TO BE FINANCED	$134.95

SALES
Contract

TO FIND FINANCE COSTS TAKE

(NUMBER OF PAYMENTS) X (AMOUNT OF PAYMENT)=

12 X $ 14.35 =

$172.20	TOTAL PAID
-134.95	AMOUNT FINANCED
$ 37.25	FINANCE COSTS

FORMULA TO FIND ANNUAL PERCENTAGE RATE (A.P.R.)

$$\frac{\text{TOTAL FINANCE CHARGE}}{\text{1/2 OF ORIGINAL LOAN}} \times \frac{\text{NUMBER OF PAYMENTS}}{\text{NUMBER OF YEARS}} \times \frac{1}{\text{NUMBER OF PAYMENTS} + 1} = \text{A.P.R.}$$

$$\frac{\$37.25}{67.47} \times \frac{12}{1} \times \frac{1}{12 + 1} = \frac{447.00}{877.11} = 51\%$$

ARE YOU A GOOD CREDIT RISK?

YOU WANT TO BUY A NEW TELEVISION ON CREDIT. 500 POINTS ARE NEEDED. DO YOU QUALIFY?

INCOME

$0-$75 PER WEEK	0 POINTS
$76-$100 PER WEEK	150 POINTS
OVER $100 PER WEEK	200 POINTS
WIFE'S INCOME	50 POINTS

LENGTH OF TIME ON JOB

LESS THAN 1 YEAR	0 POINTS
OVER 1 YEAR, BUT LESS THAN 4 YEARS	100 POINTS
4 YEARS TO 10 YEARS	150 POINTS
OVER 10 YEARS	250 POINTS

CREDIT EXPERIENCE

NONE	0 POINTS
FAVORABLE REFERENCE FROM MAJOR CREDIT SOURCE WITH SIX MONTHS' EXPERIENCE	250 POINTS
FAVORABLE REFERENCE FROM OTHER SOURCE WITH SIX MONTHS' EXPERIENCE	100 POINTS
BONUS POINTS FOR FAVORABLE REFERENCE FROM THE BANK ITSELF	100 POINTS
PREDOMINANTLY UNFAVORABLE CREDIT REFERENCES. (SUBTRACT)	100 POINTS

EQUITY IN PROPERTY

LIMITED EQUITY OR AMOUNT UNKNOWN	100 POINTS
EQUITY TWICE THE AMOUNT REQUESTED, OR PROPERTY OWNED 5 YEARS OR MORE	200 POINTS
PROPERTY CLEAR OF MORTGAGE	300 POINTS
RENTING PRESENT RESIDENCE LESS THAN ONE YEAR (SUBTRACT)	100 POINTS
RENTING PRESENT RESIDENCE FROM 1 TO 5 YEARS	0 POINTS
RENTING PRESENT RESIDENCE IN EXCESS OF 5 YEARS	100 POINTS

DOWN PAYMENT

THE APPLIANCE LOAN APPLICANT ALSO RECEIVES POINTS FOR THE AMOUNT OF HIS DOWN PAYMENT.

0 TO 10% DOWN	0 POINTS
10% TO 33-1/3% DOWN	100 POINTS
OVER 33-1/3% DOWN	200 POINTS

CREDIT APPLICANT SCORE

INCOME.................................. ________
LENGTH OF TIME ON JOB.................. ________
CREDIT EXPERIENCE...................... ________
EQUITY IN PROPERTY OR RESIDENCE....... ________
DOWN PAYMENT........................... ________
TOTAL.................................. ________

Adapted from Kiplinger Newsletter.

PERENNIAL PROBLEM	What To Do Regarding Economics and Management of Resources
PRACTICAL PROBLEM	What Should I Do Regarding Resource/Product Management?
CONCERN/CONCEPT	Finan[illegible]l Planning/Saving

HOMEMAKING SKILLS

- Develop a saving strategy based on personal needs
- Plan where to save
- Interpret saving earnings

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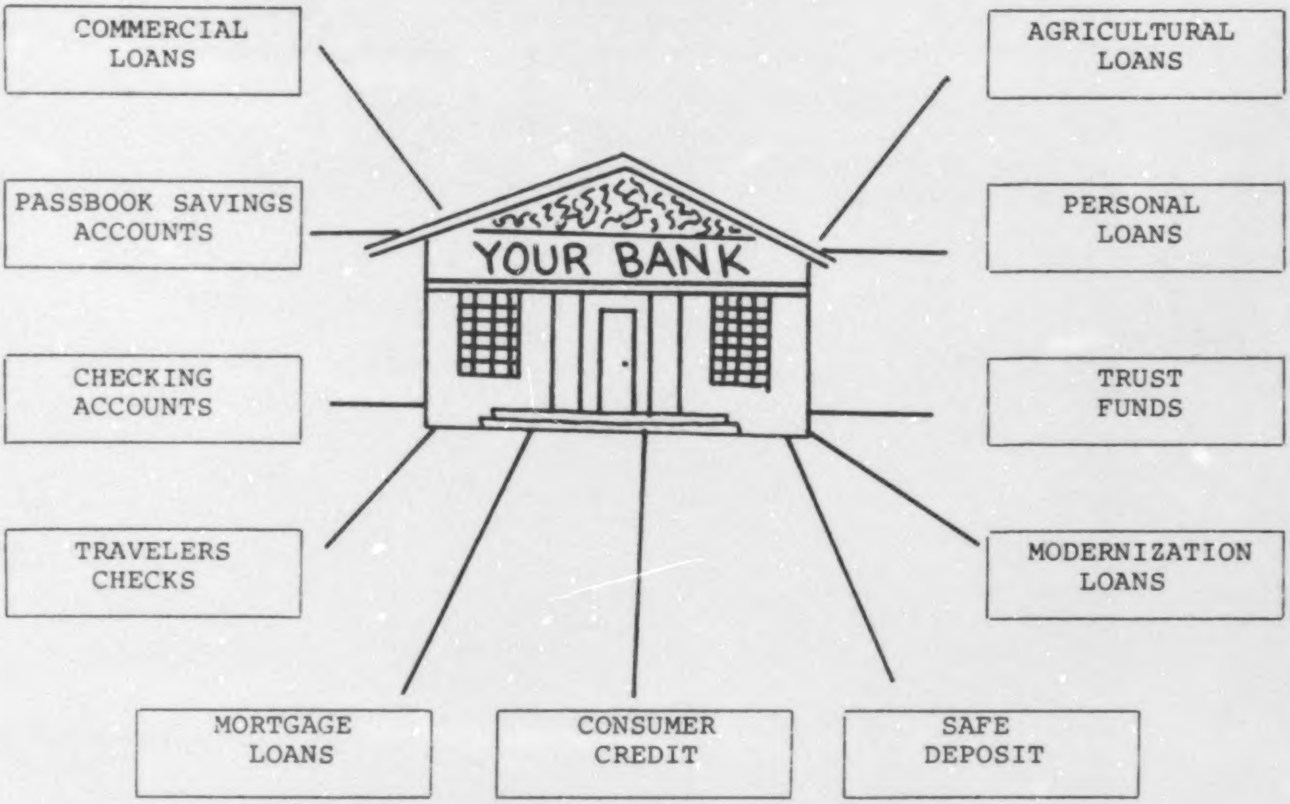
PROCESS SKILLS	CONCEPTS	STRATEGIES
PROBLEM	Personal saving strategy	Read the vignettes. Iris stopped at an ice cream store each day after school with friends. Her friends usually ordered an 85¢ sundae. How much money would Iris save in a year if she only purchased a 25¢ ice cream cone? (Consider the school year 180 days.) Timothy could buy the school lunch for $1.25 per day. If he ate at the fast food restaurant nearby, he usually spent $3.50. How much money would Timothy save in a year if he purchased the school lunch?
ALTERNATIVES GOALS VALUES FACTORS CONSEQUENCES	Goals and values	Discuss the role of savings in financial planning. --What values affected the choices each made? --Do you see a pattern which could be carried on into later life?
	Purposes for saving	Brainstorm--What consequences could arise if a person does not have a plan for savings? Using resources, working in groups, develop a series of posters. Group 1--Why save? Group 2--How to save? Group 3--Where to save? Groups should include such items as (Personal, future security, income, interest and dividends, unexpected opportunities or emergencies, protection for dependents.) Develop a "Tips for Savings" bulletin board incorporating posters and ads from newspapers regarding savings institutions.

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Savings habit	Use *Banking Services In Our Everyday Living as overhead/bulletin board. Discuss. --Purposes for savings. --How to establish your personal strategy to ensure savings. --Where to save? Include such institutions as (banks, savings and loan, credit union, insurance policy, stocks and bonds, government savings bonds, municipal savings bonds, pension and retirement plans). --Pros and cons of various savings programs. Use practical reasoning to test the above decision results for your own personal use.
	Guidelines for saving and investing	Develop a wall chart listing the advantages and disadvantages of the various saving program options. (Safety, earnings, services, money available, interest or dividends.)
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES		Using resources, interpret interest income. Complete *Interest Income. Apply your own values and goals concerning savings. Ask yourself these questions. --What will I gain? --What do I stand to lose? --Is it good for those around me? --If I suddenly changed income levels or jobs, would I still feel the same?
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES		Prepare a collage or stories which depicts your present savings program, saving habits, you now have or plan to begin to develop, type of savings institutions you will plan to utilize, and goal expectations. Answer these questions. --What other things might happen to change your savings plan? --Would you keep this plan if you were married? Expecting children? --What if someone in your family were in a bad auto accident?
		Bring in various types of examples of savings (passbook, pensions, bonds). Use as a bulletin board, Savings Can Mean Many Things.

EM 2.14e

BANKING SERVICES IN OUR EVERYDAY LIVING


COMMERCIAL LOANS
PASSBOOK SAVINGS ACCOUNTS
CHECKING ACCOUNTS
TRAVELERS CHECKS
YOUR BANK
AGRICULTURAL LOANS
PERSONAL LOANS
TRUST FUNDS
MODERNIZATION LOANS
MORTGAGE LOANS
CONSUMER CREDIT
SAFE DEPOSIT

INTEREST INCOME

Maturity Period	Interest Rate	Minimum	Compounded
30-48 months	10.9%	$ 500	No
18-24 months	10.5%	500	Daily
12 months	9.9%	500	Daily
6 months	9.4%	2,500	Daily

PASSBOOK SAVINGS ACCOUNTS NO MATURITY RESTRICTIONS

	Minimum Balance	Interest Rate	Effective Annual Yield*
Regular Passbook Christmas Club Vacation Travel Club	$10	5¼%	5.39%

If you're offered several savings plans, how do you decide which to pick? How good is each one? See if you can answer the questions below.

Reading A Savings Ad

The table shown here was part of an ad for a savings bank. Along with the table were these two notes:

> —"All deposits in by the 10th earn from the 1st. Ten free days of interest. Interest earned from date of deposit to date of withdrawal."
>
> —"Interest is compounded daily, paid quarterly, and must be left undisturbed for one year to earn effective annual yield. Certificates withdrawn prior to maturity earn passbook rate less 90 days interest."

1. How long do you have to keep your money in the bank to earn 9.90 percent interest.
2. What penalty do you pay if you buy a 30-month certificate and cash it in after a year?
3. How often does the bank compound interest?
4. How often does the bank pay interest?
5. How many days of interest would you get if you deposited your money in a passbook account on June 11 and withdrew it on June 30? What if you deposited it on June 10 and withdrew it on June 30?

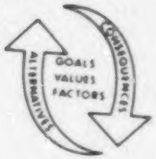
EM 2.14

PERENNIAL PROBLEM	What To Do Regarding Economics and Managing Resources
PRACTICAL PROBLEM	What Should I Do Regarding Resource/Product Management?
CONCERN/CONCEPT	Financial Planning/Saving

HOMEMAKING SKILLS

- Recognize the importance of saving in personal finance
- Understand impact of personal savings and general economy
- Compute interest income

PROCESS SKILLS	CONCEPTS	STRATEGIES
PROBLEM		Read case study *Savers and Spenders. Discuss the decisions made in each case study. Suggested discussion questions: --What problems do you see that Curtis has that can be corrected? --Does Lee have any problem? Explain. --What values affected the choices each made? --Do you see a pattern that may/may not be carried on into later life? --What are some purposes for which teenagers save money? --What are some reasons adults save money? --What are some of the problems that may arise if a person does not have a plan for savings? --What values were reflected in each case study? --What were the rewards for saving? --What were the consequences experienced for not saving?
ALTERNATIVES GOALS VALUES FACTORS CONSEQUENCES	Need for saving Savings habit	Compile a list of specific purposes students might have for saving. (Go to college, purchase a car, attend prom, buy an engagement ring.) --What values, goals, conditions influenced your decision? --What would happen if you changed your decision from one purpose to another after you started savings?

PROCESS SKILLS	CONCEPTS	STRATEGIES
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES	Savings habit (continued)	--How could you cope with this change? Survey students to determine who presently has a savings program. Where they have elected to save (bank, savings and loan association, bonds, stocks)? Write the collective list on board. In groups, use resources to identify characteristics of each saving program. Report findings to class. Discuss: --Who might benefit from each one? --What are the disadvantages and advantages of each? --What goals would influence you to choose one plan over another plan?
	Interest	In groups, using resources, brainstorm different interest plans offered with savings plans by financial institutions. List on board. Using resources, investigate the advantages and disadvantages of each type of financial institution. --What type of person (values, goals) would choose each interest plan? --If you were 20 and single, which plan would you choose? Why or why not? --If you were counseling someone (young child, friend, elderly person) what advice would you give them? --Explain why or why not you feel each different type of savings helps your local community (directly/indirectly)?
	Calculating simple interest	Use *Ted Daily to practice determining simple interest on a savings plan. Discuss terms (principal, terms, interest, rate of interest). Use the basic formula (principal x rate x time = interest) to calculate other amounts of interest on savings plans in *Case Studies: Simple Interest Worksheet.
	Compound interest	Using resources and bulletin board "Time Is Money", explain compound interest (when interest is compounded, the interest is added to the principal, thus increasing the amount of the principal. Remember, the larger your principal and the more frequently interest is compounded, the greater the amount of interest you will earn.)

PROCESS SKILLS	CONCEPTS	STRATEGIES
		Do *Interest Compounded Worksheet and *Compound Interest Chart Worksheet. Develop a computer program to explain compound interest. Discuss the advantages and disadvantages of compound interest daily, monthly, quarterly, semiannually and annually. Determine which type of compound interest is best.
	Economic growth	Review effect of one's savings on the economy (factors, savings, business growth, employment, reflection). Debate the topic "savings is a hedge against inflation and the effects of savings on economic growth." IEE -- How to start and continually expand one's personal saving program. Prepare a report outlining your present and future savings plans. Note the kind of discipline that will be required, the saving habits you wish to establish, the type of saving institutions you will utilize, and interest income expectations. Answer these questions in your report. --What values and goals did you consider? --What are the advantages and disadvantages of your choice? --If you were a single parent, what would be your choice? Why? --If you were in a nursing home, what would be your choice? --If you were in college, what would be your choice? --How would your community be affected?

SAVERS AND SPENDERS

EM 2.14

CASE STUDY #1

Curtis and Lee work after school. They each take home $30.00 per week and have the same dream of owning a 360 motorcycle. Curtis saved some of his pay trying to make his dream a reality. He put about $12.00 of each weekly paycheck into a bank account. By the end of a year, he had over $600.00, enough to buy a good used motorcycle. Lee was shocked when Curtis came to work on his own motorcycle. "How'd you get that bike, Curtis?" "I just used the money I earned here." Lee didn't understand. They both worked at the same place, made the same salary, yet Lee did not have nearly enough money for a new or used bike.

CASE STUDY #2

Joan and Bob Merriweather knew how to live. They had a luxurious apartment and took great vacations. They had two cars, and on weekends they enjoyed the night life of the city. In their mid-twenties, Joan and Bob had high-paying jobs, and they could afford it. They also borrowed money freely. They never saved, but why bother? Two good salaries every month.

Then the impossible happened--Bob lost his job. Their income was cut in half, and the bills were coming fast. Bob couldn't find another job. After struggling to pay the bills, they decided it was an impossible task. They declared bankruptcy.

CASE STUDY #3

Gordon and Sally Law always wanted to buy a home, but they could never save enough for the down payment. Finally, Gordon went in to see Arthur Crow at the company credit union. They arranged for Arthur to take $100.00 a month from Gordon's paycheck to put into the Laws' savings account. In this way, the Laws would automatically save $100.00 each month.

In five years they had $6,000 plus interest. They used their money for a down payment on a two-bedroom house. Gordon and Sally learned that it is not always easy to save, but their goal of buying a home made the sacrifice worthwhile.

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TED DAILY

After graduating from high school, Ted and Denise got married. Before too long, Ted and Denise Daily had over $600 in their checking account. Ted wanted to see the checking account grow so he and Denise did not spend a lot of money. It was no surprise to Denise when Ted decided to open a savings account at the bank.

Denise remembered that her former Home Economics instructor told her that a "savings account is a place to put your money where it is safe and will draw interest."

Ted and Denise wanted to find out all they could about interest before opening a savings account so they looked up their former Home Economics instructor, Mrs. Penney, who knew about interest and how to calculate it.

Mrs. Penney walked to the board and said, "If a person deposits $100 in a bank (savings account), the bank pays that person interest.

Example: If Ted deposits $100 in savings at 5% interest and leaves the money in savings for one year, he will earn $5.00 interest.

This is how you figure the interest paid on $100 at 5% interest for one year.

Principal	x	Rate	x	Time	=	Interest
$100		.05		1 yr.		$5.00

Ted and Denise said they had forgotten how to convert percentages to decimals, so Mrs. Penney further explained.

"When converting a percent to a decimal, move the decimal point two places to the left and drop the % sign."

Example: 5% = ?
.05 (add zero to show place value)

"If you have a fraction as part of your percent, convert the fraction to decimal first."

Example: 6-1/2% = ?
1/2% = .05 (fraction converted to a decimal)
6-1/2% = 6.50 or simply 6.5, then .065 = .065

"Most fractions related to interest are expressed in fourths or halves. So you might remember these fraction conversions."

1/4 = .25
1/2 = .50
3/4 = .75

"If you have to convert a fraction to a decimal, divide the denominator of the fraction into the numerator.

Example: 1/5 = .20

According to Mrs. Penney, the following procedure should be followed when converting a mixed number (a whole number and a fraction) to a decimal number.

Example: 5-1/4 = ?
Whole number 5 = 5.0
Fraction 1/4 - 100 ÷ 4 = .25

Mixed number 5-1/4 = 5.25
To find the decimal number, move the decimal point two places to the left.

05.25 = .0525

Ted and Denise were given another problem on simple interest to solve.

Principal	x	Rate	x	Time	=	Interest
$200		.05		1 yr.		$10

Remember:	Principal	+	Interest	=	Amount Saved
	$200		$10		$210

Ted and Denise could see that after leaving $200 in savings for one year it would be $210. Most people try to add to their savings on a regular basis to increase the principal because the greater the principal, the more interest earned.

EM 2.14

CASE STUDIES SIMPLE INTEREST WORKSHEET

Convert fractions to decimals:

1. 5 ½% = 5.5% +.055
2. 5 ¼% = 5.25% = .0525
3. 8 ¼% = 8.25% = .0825
4. 6% = 6.0% = .06
5. 1 ½% = 1.5% = .015

In each case below, find the simple interest and amount saved.

	Interest	Amount Saved
1. $300 for 1 year at 5 ½%	$ 16.50	$ 316.50
2. $2,000 for 1 year at 6 ¼%	125.00	2,125.00
3. $400 for 1 year at 5 ¼%	21.00	421.00
4. $1,000 for 1 year at 9 3/4	97.50	1,097.50
5. $600 for 5 year at 7 ½%	225.00	825.00

* Add your own examples

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CASE STUDIES SIMPLE INTEREST WORKSHEET ANSWERS

1. $300.00
x .055
16.50
+300.00
$316.50

2. $2,000.00
x .0625
125.00
+2,000.00
$2,125.00

3. $400.00
x.0525
21.00
+400.00
$421.00

4. $1,000.00
x .0975
97.50
+1,000.00
$1,097.50

5. $600.00
x .075
45
x 5 years
$225.00
+600.00
$825.00

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INTEREST COMPOUNDED WORKSHEET

Example: Interest compounded annually for two years at 5%

$ 100 = original principal
x .05 = interest rate annually
$ 5 = interest, first year
+ 100 = original principal
$ 105 = principal at end of first year

$ 105 = principal at end of first year
x .05 = interest rate annually
$5.25 = interest, second year
+ 105 = principal, second year
$110.25 = principal at end of second year

Figure out the compound interest and the amount on deposit at the end of each time period. Remember: When interest is compounded semiannually, you divide the percentage rate by 2 (6% interest divided by 2 = 3% or .03). If interest is compounded quarterly, you divide the percentage rate by 4 (6% interest divided by 4 = 1 ½% or .015).

Problems:	Interest	Amount on Deposit
1. $500 for 3 years at 6% compounded annually	$ 95.51	$ 595.51
2. $1,000 for 1 year at 5% compounded quarterly	$ 50.94	$1,050.94
3. $600 for 2 years at 5% compounded annually	$ 61.50	$ 661.50
4. $2,000 for 1 year at 6% compounded quarterly	$ 122.37	$2,122.37
5. $2,000 for 1 year at 5% compounded semiannually	$ 101.25	$2,101.25

COMPOUNDED WORKSHEET ANSWERS

Problem #1

$$\text{1st year}\ \left\{\begin{array}{r} 500 \\ \times .06 \\ \hline 30 \\ +500 \\ \hline 530 \end{array}\right.$$

$$\text{2nd year}\ \left\{\begin{array}{r} 530 \\ \times .06 \\ \hline 31.80 \\ 530.00 \\ \hline 561.80 \end{array}\right.$$

$$\text{3rd year}\ \left\{\begin{array}{r} 561.80 \\ \times\ \ .06 \\ \hline 33.71 \\ 561.80 \\ \hline \$595.51 \end{array}\right.$$

Interest

1st year	$30.00
2nd year	31.80
3rd year	33.71
	$95.51

Problem #2 (quarterly)

.05 ÷ 4 = .0125

$$\text{1st quarter}\ \left\{\begin{array}{r} \$1{,}000 \\ \times\ .0125 \\ \hline 12.50 \\ 1{,}000.00 \\ \hline \$1{,}012.50 \end{array}\right.$$

$$\text{2nd quarter}\ \left\{\begin{array}{r} \$1{,}012.50 \\ \times\ \ .0125 \\ \hline 12.66 \\ +1{,}012.50 \\ \hline \$1{,}025.16 \end{array}\right.$$

$$\text{3rd quarter}\ \left\{\begin{array}{r} \$1{,}025.16 \\ \times\ \ .0125 \\ \hline 12.81 \\ +1{,}025.16 \\ \hline \$1{,}037.97 \end{array}\right.$$

$$\text{4th quarter}\ \left\{\begin{array}{r} \$1{,}037.97 \\ \times\ \ .0125 \\ \hline 12.97 \\ +1{,}037.97 \\ \hline \$1{,}050.94 \end{array}\right.$$

Interest

$12.50
12.66
12.81
12.97
$50.94

190

EM 2.14

Problem #3

1st year
600
x.05
30
600
630

2nd year
630
x.05
31.50
+630.00
$661.50

Interest

$30.00
31.50
$61.50

Problem #4 (quarterly interest)

.06 ÷ 4 = .015

1st quarter
$2,000
x .015
30
+2,000
$2,030

2nd quarter
$2,030
x .015
30.45
+2,030.00
$2,060.45

3rd quarter
$2,060.45
x .015
30.91
2,060.45
$2,091.36

4th quarter
$2,091.36
x .015
31.37
+2,091.36
$2,122.73

Interest

$30.00
30.45
30.91
31.37
$122.73

Problem #5 (semiannually)

.05 ÷ 2 = .025

1st part of year
$2,000
x .025
50
+2,000
$2,050

2nd part of year
$2,050
x .025
51.25
+2,050.00
$2,101.25

Interest

$ 50.00
51.25
$101.25

COMPOUND INTEREST CHART WORKSHEET

Example of a compound interest chart:

This chart is based on a fixed amount in savings. If you added to your principal on a regular basis, your savings would be increased considerably each year.

Fixed Amount--This chart shows how given amounts grow when left in your savings account for various periods of time. Figures are projected at 5-1/4% a year compounded daily.

How Savings Grow	$50	$100	$500	$1,000	$5,000	$10,000
6 mos	51.34	102.69	513.47	1026.95	5134.75	10289.50
1 year	52.70	105.39	526.95	1053.90	5269.50	10538.00
2 years	55.54	111.07	555.35	1110.71	5553.53	11107.06
3 years	58.53	117.06	585.29	1170.57	5852.86	11705.72
4 years	61.68	123.37	616.83	1233.67	6168.33	12336.66
5 years	65.01	130.02	650.08	1300.16	6500.80	13001.81
10 years	84.52	169.04	845.21	1690.42	8452.09	16904.18
20 years	142.88	285.75	1428.76	2857.51	14287.56	28575.12

Answer the following questions according to the chart above:

1. What is the rate of interest?
2. How often is the interest compounded?
3. How much will you earn on $10,000 in savings for one year as opposed to having $10,000 hidden in a shoebox for one year?
4. How much would you save if you leave $1,000 in for one year?
5. How much would you save:
   - A. $100 in savings for 1 year _____ 2 years_____ 3 years_____
   - B. $50 in savings for 20 years________
   - C. $500 in savings for 3 years___________
   - D. $5,000 in savings for 5 years__________
   - E. $5,000 in savings for 10 years_________

PERENNIAL PROBLEM	What To Do Regarding Economics and Managing Resources
PRACTICAL PROBLEM	What Should I Do Regarding Resource/Product Management?
CONCERN/CONCEPT	Financial Planning/Investing

HOMEMAKING SKILLS

- Identify sources of reliable information and advice
- Recognize factors that influence investments
- Identify risks involved in investing
- Compute safety, liquidity and expected rate of return

PROCESS SKILLS	CONCEPTS	STRATEGIES
PROBLEM	Investments	Consider the following situation. Susan won the lottery for $50,000. She decided that after taxes, she would not have very much of her money left. She wanted to ensure an income for her life. Her first step was to see her banker who suggested various means of ensuring a good rate of return on her money. The banker suggested mutual funds, municipal bonds, annuities and certificates of deposit. Susan did not understand any of these. How would she determine if she were risking her money? Discuss the case study above. What should Susan do? What information does she need before acting? --What factors and values might influence Susan's decision? --Consequences of placing all the money in one place? --How she might get the highest rate of return? --What could she do to ensure safety? --What could she do to ensure liquidity? Using resources define investments, brokers, brokerage fees. Discuss questions similar to the following.

PROCESS SKILLS	CONCEPTS	STRATEGIES
		--Why do some people invest? (Values, goals, time, money, knowledge.) --How do people choose investments? (Make money, pay less tax in some cases.) --Should Susan invest?
SELF FAMILY SOCIETY	Types of investments	In small groups, use resources and chart the characteristics, advantages, disadvantages, risks of various types of investments (common stocks, preferred stocks, bonds, mutual funds, municipal bonds, annuities, certificates of deposit). Share option trading with class through a group report. Discuss figuring loss of investments and returns. Discuss the following questions. --Considering your values, goals and amount of money, which type of investment would you recommend for Susan? --If Susan had a family, which type would be best? Why? What else do you have to consider? --Does it hurt the economy if Susan does not invest? Why or why not?
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES	Why people invest	Choose two of the statements below and respond in writing. Support your opinions with facts, advantages, disadvantages, consequences and risks. Share with class. --Disagree or agree with the following statement: "The risk one takes in not buying stocks is greater than the risks one takes buying them." Why? --Part of everyone's savings should go into stocks and bonds. --Families should save at least 10% of their income. --Future financial security for most people depends on long-term savings. --People do not need long-range investment programs with social security. --Saving and investing money is only possible when you are rich. IEE - Interview an investment broker. Discuss who and when to invest, types of investments, rate of return, safety, liquidity, planning your investment program and effects of inflation. Do *Investment Problem #1 and Investment Problem #2.

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Documents	Investigate the functions and costs of a safe deposit box. Discuss what should be stored there.
	Reliable information	Cite sources of reliable and unreliable investment information. Invite a resource person (banker, investment counselor) to speak on types of investments and sources of information.

EM 2.15

INVESTMENT PROBLEM #1

Each month for ten months James D. Bond bought ten shares of one corporation's common stock. He paid the following prices: $35, $37, $39, $38, $35, $33, $32, $31, $30 and $30.

Lora C. Loss bought 100 shares of the same stock all at one at $35 a share.

Questions:

1. What was the average price per share paid by James D. Bond?
2. Who paid the lowest price per share?
3. Over the one-year period, who do you think made the better decision? Why?

EM 2.15

INVESTMENT PROBLEM #2

Suppose you have $4,000 to invest in stocks. Using the stock quotations in the daily newspaper and other resources you wish, choose up to five different stocks to invest in. Once you have chosen a stock, you may "sell" at any time between the beginning and end of the project. (It is recommended that the project run for 30 days.) You must then keep the proceeds of the "sale" in "cash" and may not reinvest it. At the end of the 30 days, you must sell all securities still held and total your cash to determine your total gain or loss.

Question:

1. What was your total gain or loss?
2. If you had this to do again, would you choose the same investment? Why or why not?
3. What would happen to the stock prices if everyone made your decisions?
4. What other type of information might you need to know to make a decision?

Record your investments on the following chart.

Name of Stock	Purchase Price	Shares Bought	Amount Paid	Date Sold	Selling Price	Amount Received

Total Amount Invested ____________

Total Proceeds from Sales ____________

Gains or Losses ____________

PERENNIAL PROBLEM What To Do Regarding Economics and Managing Resources

PRACTICAL PROBLEM What Should I Do Regarding Resource/Product Management?

CONCERN/CONCEPT Financial Planning/Protecting-Insurance

HOMEMAKING SKILLS

- Understand the principle of insurance (share risks)
- Recognize daily risks which necessitate insurance
- Develop an insurance vocabulary
- Identify characteristics of an effective insurance policy

PROCESS SKILLS	CONCEPTS	STRATEGIES
MOTIVATIONAL ACTIVITY	Types of insurance	List the kinds of insurance you or members of your family now have. (Automobile and motorcycle, property -- home and rental, health, life, income.)
	Potential risks	List things which could happen to you or your family members for which you would need insurance protection. (Car or motorcycle accident, become ill, lose job, mother/father dies, friend trips on stairs in your home and is injured.) Discuss the following questions: --What would happen in these different situations without protection? --What might happen to your family? --What might happen to the community as a whole?
SELF FAMILY SOCIETY		IEE -- Collect newspaper/magazine clippings which depict a need for various types of insurance. Decide which type would best meet the needs of various types of people.
	Automobile, property, health, life, and income insurance	Using resources, develop a series of wall charts on types of insurance protection available. Work in groups, each group selecting a different type of insurance. Interview an individual who has recently used the assigned type of insurance to tell of the experience.
		Develop an insurance vocabulary list and define economic loss, economic risk, insurance, insurance agent, insurance policy, premium. Do *Words for Protection. Develop a mix and match game after reviewing terms.

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PROCESS SKILLS	CONCEPTS	STRATEGIES
PR	Function of insurance Risk sharing Insurance company's solvency	Invite representatives from local insurance agencies in to discuss insurance and to share/review actual policies. Have them explain the principle of insurance (many people share the losses of few), purpose of insurance, how insurance rates are determined, how insurance companies make a profit, insurance impact on the economy. Afterwards, analyze remarks from the presentation by asking -- What is best for me to do about insurance? Use the practical reasoning process.
PROBLEM	Effects on economic growth Rationale for need	Read the automobile/motorcycle insurance case studies below. Discuss the case studies. Survey class to see what auto insurance experiences the members have had. --Jim lost control of his motorcycle one night, crashed through the plate glass window at a Lawson Store, and landed in the stocked canned goods. No one was seriously hurt but there was considerable property damage. What coverage did Jim need to pay for damages? --Sally was sued by the Erfurt family because Mr. and Mrs. Erfurt were injured in an accident in which Sally was speeding. Sally's liability coverage was 25/50/10. The court awarded Mr. Erfurt $25,000 and Mrs. Erfurt $10,000 for bodily injury. Was Sally's coverage adequate to pay the costs? --Donna has complete insurance coverage on her eleven-year-old Ford Mustang. Do you feel Donna is over or under-protected? --Nat was comparing his automobile policy with a fellow classmate. Nat's premium was much higher even though he and his friend had identical coverage from the same insurance company. What factors could account for the difference in premium costs? --David, nineteen years old, just bought his first used car. He tried to get insurance but the first three agents refused him a policy. He lived in a neighborhood labeled by the agents as high risk. What can David do now?
	Types of coverage	Using resources and auxiliary sheets *Factors Determining What You Pay For Auto Insurance, and *You Can Save Money On Auto Insurance. Prepare a guide for teenagers purchasing automobile insurance.

PROCESS SKILLS	CONCEPTS	STRATEGIES
		Include in guide:
	Competent agent	--How to select a competent agent. --Types of coverage available. (Collision, comprehensive, deductible, emergency road service, high risk, liability, medical, no-fault, premium, uninsured motorist.)
	Rate factors	--Factors determining what you pay for auto insurance. --How you can save money on auto insurance. --Auto insurance vocabulary.
	Comparison shop	Visit a minimum of two auto insurance agents. Ask them to review your guide and obtain their content suggestions. Review type of coverage needed for your car or that of a family member. Obtain a quote. Secure information on how claims are handled. Report on agency visits to class. (Remarks regarding guide, type of coverage recommended under what circumstances.) Edit guide for teenagers purchasing automobile insurance, incorporating insurance agent's recommendations. FHA/HERO -- Prepare guide for distribution. Write an article in school newspaper regarding availability of guide. IEE -- Use the practical reasoning prcoess to decide which auto coverage you need or your family needs.
	Homeowners	Discuss other types of insurance needed in near future. (Property and homeowners--property, liability, theft, fire.) Ask yourself the following questions. --Do you need insurance if you rent an apartment? What kind? --Why is it needed? --What risks are you taking without it? Using resources, in groups, compile a one-page fact sheet outlining a renter's property insurance needs. (Fire, theft, property.)

PROCESS SKILLS

GOALS
VALUES
FACTORS
CONSEQUENCES
ALTERNATIVES

GOALS
VALUES
FACTORS
CONSEQUENCES
ALTERNATIVES

CONCEPTS

Homeowners (continued)

STRATEGIES

Discuss the following advice relating to insurance.

--Update insurance coverage regularly.
--Shop around for rates.
--Keep accurate household inventory and claims (if any).

Use the chart that follows to analyze.

ADVICE	IMPACT ON YOU	IMPACT ON FAMILY	CONSEQUENCES
Update coverage			

Look over some homeowner policies and classroom references. Compile a property and homeowners vocabulary list. Discuss why these words could be important to learn. What might happen if you were unaware of definitions?

Use *Circumstances to determine some needs for protection. Ask the following questions.

--Do you think these circumstances could happen to you or your family members?
--What is your opportunity cost if you do not have insurance in each situation?
--Why do some people feel insurance is not important to have?

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WORDS FOR PROTECTION

COVERAGE	WHO OR WHAT IT PROTECTS	WHAT IT PAYS FOR
AUTOMOBILE		
BODILY INJURY LIABILITY	YOU AND YOUR FAMILY	BODILY INJURIES SUFFERED BY OTHER PEOPLE FOR WHICH YOU OR YOUR FAMILY ARE LIABLE
PROPERTY DAMAGE LIABILITY	YOU AND YOUR FAMILY	DAMAGE TO PROPERTY OWNED BY OTHERS FOR WHICH YOU ARE LIABLE
UNINSURED MOTORIST	YOU, YOUR FAMILY AND PASSENGERS IN YOUR CAR	INJURIES CAUSED BY UNINSURED OR HIT AND RUN DRIVERS
COLLISION	YOUR VEHICLE	DAMAGES TO YOUR VEHICLE CAUSED BY THEFT, GLASS BREAKAGE, FALLING OBJECTS, VANDALISM, FIRE, ETC.
MEDICAL PAYMENTS	YOU, YOUR FAMILY AND PASSENGERS IN YOUR CAR	INJURIES TO YOU, YOUR FAMILY AND PASSENGERS IN YOUR CAR
PROPERTY		
DWELLING/ APPURTENANT STRUCTURES (HOMEOWNERS INSURANCE ONLY)	YOUR HOME, ATTACHED OR UNATTACHED STRUCTURES (GARAGES, TOOL SHEDS, ETC.	LOSSES CAUSED BY PERILS LISTED IN THE POLICY (I.E., FIRE, LIGHTNING, WINDSTORM)
CONTENTS/ PERSONAL PROPERTY	YOU AND YOUR FAMILY'S HOUSEHOLD FURNISHINGS AND BELONGINGS	LOSSES CAUSED BY PERILS LISTED IN THE POLICY
ADDITIONAL LIVING EXPENSE	YOU AND YOUR FAMILY	THE INCREASE IN LIVING EXPENSES WHEN HOME IS NOT LIVABLE DUE TO DAMAGE FROM AN INSURED LOSS
PERSONAL LIABILITY	YOU AND YOUR FAMILY	BODILY INJURIES AND PROPERTY DAMAGE TO OTHER PEOPLE AND PROPERTY FOR WHICH YOU ARE LEGALLY LIABLE--APPLIES AT HOME AND AWAY
GUEST MEDICAL PAYMENTS	OTHER PEOPLE EXCLUDING YOUR FAMILY WHO ARE ON YOUR PROPERTY WITH YOUR PERMISSION	MEDICAL EXPENSES REGARDLESS OF FAULT OR LIABILITY
LIFE		
TERM INSURANCE	YOU, THE NAMED INSURED (PERSON NAMED IN POLICY)	PAYS THE FACE AMOUNT (DEATH BENEFIT OR AMOUNT OF INSURANCE PURCHASED) TO THE BENEFICIARY
WHOLE LIFE INSURANCE	YOU, THE NAMED INSURED	PAYS THE FACE AMOUNT TO THE BENEFICIARY IF THE INSURED DIES, PLUS ACCUMULATES SAVINGS
HEALTH		
HOSPITAL EXPENSE	YOU (COULD INCLUDE MEMBERS OF YOUR FAMILY)	HOSPITAL ROOM AND BOARD, X-RAYS, EMERGENCY ROOM TREATMENT
MAJOR MEDICAL	YOU (COULD INCLUDE MEMBERS OF YOUR FAMILY)	DOCTOR BILLS, AMBULANCE FEES, RENTAL OR THERAPEUTIC EQUIPMENT.

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FACTORS DETERMINING WHAT YOU PAY FOR AUTO INSURANCE

There are many variables involved in the determination of auto insurance rates. But, your own personal situation will have a direct bearing on the rate you pay. These variables also explain why different drivers may pay different rates for the same auto insurance policy. These are the most common situations:

AGE OF DRIVER

If there's anything on which all the traffic safety experts agree, it's that young drivers have more accidents . . . and more serious accidents . . . and that young males are "worse" than young females. (See section entitled Youthful Drivers).

A teen-age girl in the family can increase the auto insurance bill from 20% to nearly double . . and a teen-age boy, even though he only occasionally drives the car, can triple the cost of insurance. If he's the principal operator of his own car, the tab for insurance can rise to four or five times the premium his parents alone would have to pay.

The rates that insurance companies charge for cars operated by youthful drivers are based on years of accumulated statistics which establish the relative differences between young drivers as a group and adult drivers . . . and between different classes of young drivers.

The surcharge on female youthful drivers lasts only until they marry or, depending on the company, until they reach age 21 or 25. Married men also get a break, while young single males are charged more until age 29.

And young drivers . . . single or married, male or female . . . can be consoled by the fact that as they grow older and become more experienced drivers, the cost of automobile insurance goes down. With some companies it drops year by year, with others at certain specified ages.

Many companies give discounts when the youthful driver maintains a certain level of academic achievement in high school or college . . . or after he has completed an accredited driver education course.

Following are some details on Youthful Driver rates which are generally followed by the majority of companies:

1. Where there are more cars in the family than youthful operators, the youthful operator surcharges will be applied to the most expensive car or cars, except that a youthful owner or principal operator will be charged on the car he regularly drives.

2. If there is more than one car and more than one youthful driver in the family, surcharges will be made on as many cars as there are youthful drivers . . . if the family has that many cars.

3. No charge will be made for a youthful family member who is in military service and drives only when on furlough, but a charge will be made when there is regular or frequent use, such as on weekend passes.

4. A premium credit is given when an unmarried youthful operator is a resident student at a school more than 100 miles from home and does not have the car at school.

TYPE OF CAR

Generally, the model car you drive affects only the cost of those insurance coverages which apply to repairing or replacing that car. The premiums you pay for liability insurance, medical payments, uninsured and underinsured motorist coverages are not affected by the kind of car you drive, unless it is a "high performance vehicle.

The cost of comprehensive and collision coverages is directly related to the cash value of the car. Some insured losses require that the car merely be repaired, others that it be completely replaced. And some vehicles are more expensive to repair or replace than others.

Since it would be entirely too unwieldy and expensive to develop and maintain a value record on each individual automobile, insurance companies group all cars into brackets according to two factors . . . purchase price new and age.

A consideration in determining the approximate value is the age of the car. Most companies use age brackets for establishing rates. Current year models fall in the first group, those from the preceding model year in the second, and so on for several model years. As a car gets older, the

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premium reduction is applicable at the next renewal date of your policy. There is no further reduction after the sixth year.

However, starting with 1980 model year cars a number of companies are making departure from the actual cash value rating of the car. Statistics are now available to substantiate a difference in the extent of damage sustained by the various models and types of cars. Certain cars sustain less damage, on the average, and therefore cost less to repair than others in same price range. Accordingly the premiums have been reduced on some models and increased on others for more equitable premium determination based upon the damageability potential.

Even though you may be willing to pay a little more for auto insurance in order to drive the car you prefer, you might want to check with your agent or company before you buy your next car.

WHERE YOU LIVE

The area where you live directly affects your auto premium. In general, the bigger your city, or the more densely populated the area in which you live, the higher your auto insurance rates will be.

Where you live can affect both your likelihood of having an accident and the probable cost of paying for that accident. **Accident frequency** tends to be greater in areas of high traffic density. **Accident severity** tends to be greater in areas where roads and road conditions (freeways, for example) encourage high speed driving. When both these factors are considered, those who live in the major metropolitan areas will pay the most for their automobile insurance, all other things being equal.

Wage levels are another factor. In heavily industrialized, densely populated metropolitan areas, wage levels are generally higher . . . and this shows up in higher hospital costs, higher automotive repair costs and larger settlements for lost wages in bodily injury cases. These add up to higher insurance rates for rating territories having these high-hazard characteristics.

Rating territories are designated geographical areas used by automobile insurance companies to accumulate statistics on premiums received and losses paid. On the basis of these statistics, proper rate levels are determined. What comprises a territory is less a function of area than of population. It may be a single county, or a number of counties grouped together. In a few heavily populated areas, there may be two or even three rating territories within a single county where accident experience has demonstrated a need for different rates in order to pay different levels of insured loss.

This arbitrary division of the state of Ohio into 30 or 40 territories for rate making purposes could produce auto rate inequities in some individual cases. Undoubtedly it does, just as the same kind of arbitrary boundaries of political subdivisions occasionally result in inequities in the tax burden. But any attempt by the insurance companies to base rates on a significantly finer, more detailed geographical breakdown would add so much to their administrative expenses that all of us would end up paying more for automobile insurance.

HOW YOUR CAR IS USED

The little old lady who never took her car out of the garage except to drive three blocks to church every Sunday may not exist except in the imagination of some used car salesman. But she would be charged a lower premium for her automobile insurance than most of us would.

With the amount and the kind of driving she does, she has relatively less chance of being involved in an accident than people who drive many more miles and under more hazardous traffic conditions.

All other things being equal, the more miles you drive the greater the likelihood that you will have an accident. And . . . again assuming that all other factors are equal . . . accidents are more likely to happen to people who do most of their driving on congested city streets or high speed highways, as opposed to residential streets and secondary rural roads.

In one way or another, all these factors are taken into consideration in the formulas used to determine the amount you pay for automobile insurance. But not all insurance companies approach the problem in exactly the same manner.

Most companies do not consider the number of miles you drive annually, although there are some that offer lower rates to people who drive fewer than a specified number of miles a year.

The car that is driven to and from work is likely to be driven more miles than the one that is not. And those "to and from work" miles are likely to be on congested streets and highways. So . . . "to and from work" is almost always a consideration. But some companies charge higher rates on any car that is regularly driven to and from work, while others make this differentiation

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only if the distance to work one way is more than a stated minimum.

For much the same reasons, all companies charge even higher rates when the auto is used for business. There are variations in defining "business use," but driving to and from one's principal place of employment is not considered business use.

Because of the type of driving they do and the type of roads on which they normally drive, farm families enjoy lower automobile insurance rates than either city residents or non-farmers who live in rural areas. The farm discount does not apply to a vehicle used by a member of a farm family who is engaged in an occupation other than farming and uses the vehicle to drive back and forth to work.

SAFE DRIVER PLANS

If you have a good driving record, you may qualify for savings on your insurance premium. This is generally called a Safe Driver or Merit Rating Plan. The savings in these plans are based on your past driving record and your record while insured.

You earn more favorable rate treatment by maintaining an accident-free record through careful and defensive driving. Your insurance premium will increase if you have an accident, however.

The whole idea behind such plans is to give the best rates to the best drivers. To keep the premium of the accident-free drivers at the low level they have earned, insurance companies must charge more for those drivers who do have accidents. The insurance company takes in the same total premium from all its policyholders as a group — but accident-free drivers (a majority of most companies' policyholders) pay a lower premium than they would otherwise.

These plans vary so much from company to company (and are not used at all by some companies) that it is difficult to make generalizations. But here's an example of how two typical plans work.

Company A quotes a premium of $100 and Company B charges $110 for the same insurance coverages. An important difference is that Company B's premium will remain the same if the policyholder has an accident. Thus, over a five-year period (assuming the rate of inflation and accident frequency permit the premium level to remain constant) the Company B policyholder will pay $550 for insurance. On the other hand, Company A's policyholder would pay only $500 for the same five-year period — if he doesn't have an accident. Should he be involved in a "chargeable" accident, the premium will be increased to perhaps $140 for each of the three years after the accident, or a total of $620 over the five-year period.

Under either rating system, each company would take in the same amount of money from all policyholders as a group. So in terms of company income, the system makes no difference. However, it does make a difference to the policyholder. It's a matter of the policyholder choosing the plan he or she prefers.

It seems that most policyholders think an accident will not happen to them. Accidents always involve "the other guy." Therefore, the preference has been for the lowest possible premium now. This has prompted most insurance companies to adopt some kind of Safe Driver Rating Plan.

EXPENSE FLATTENING

A change in auto insurance rating was instituted under the direction of the Ohio Department of Insurance requiring that companies equalize certain expenses among all policyholders.

The change was instituted because some insurance expenses are fixed rather than proportional. For example, the cost to print a policy for a high-risk driver in an urban area is no greater than for an accident-free driver living in a sparsely populated area. Fixed expenses affected by this change include general expenses, miscellaneous taxes, licenses and fees, and for some companies certain selling expenses. These costs will vary by company.

WHAT OHIOANS PAY FOR AUTO INSURANCE

Just as the costs of food, clothing, housing and transportation have risen sharply over the past decade, so has the cost of automobile insurance. While no one likes to pay more than they did ten years ago, it helps to know that Ohio's auto insurance rates compare favorably with those paid in other states.

In a comparison of the percentage of household income spent on auto insurance premiums, Ohio ranks in the "medium" range.

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Source: Ohio Insurance Guide, 1981.

YOU CAN SAVE MONEY ON AUTO INSURANCE

There are ways you can cut your auto insurance costs. Many factors affect the amount of premium you pay. The following list of money-saving ideas may help you reduce your own insurance costs:

- INCREASE YOUR DEDUCTIBLES for both collision and comprehensive coverages. These are the coverages that pay for physical damage to your car. Because small claims are costly to settle, insurance companies don't charge you as much premium when you agree to pay for these small losses through a deductible. The higher your deductible, the lower your premium. Chances are good you'll never have to pay that deductible if you're a careful driver. Although the amount you save varies, the premium reduction will probably equal the amount you "risked" through the higher deductible in just a few years of accident-free driving.

- COMPANY DISCOUNTS can reduce your premium. Most companies offer lower premiums if you insure two or more cars with them. Some give a discount to students with good grades. And some allow a premium credit if a young driver is away at school more than 100 miles from where the insured car is garaged.

- REDUCE OR ELIMINATE COLLISION AND COMPREHENSIVE COVERAGES as your car gets older. These coverages provide physical damage protection for your auto. If your car is an older model (5 years or older), it has depreciated in value to the point where you may be paying more in premiums than the car is worth. You should keep your auto liability coverage, however.

- DRIVE SAFELY. One at-fault accident or traffic violation can increase your premium as much as 40%. Your insurance costs will remain low as long as you remain accident and violation free. Check with your insurance agent or company to determine if you are now paying a surcharge because of your driving record. If so, be especially cautious in the future and your clean driving record will pay off.

- PARK DEFENSIVELY. Don't park on the street where your car can be stolen, vandalized or hit by another vehicle. Close the windows tightly and always lock the car.

- CONSIDER AUTO INSURANCE COSTS WHEN BUYING A NEW CAR. Premiums are higher for certain luxury and sport models because of their greater accident, damage and auto theft experience. Your insurance agent or company can give you specific information.

- REDUCE YOUR DAILY DRIVING. The farther you drive to work each day, the more likely you are to be involved in an accident — and the more you pay for insurance. Check to be sure the number of miles you drive to work is correctly listed with your insurance company.

- CONSIDER JOINING A CAR POOL OR TAKING A BUS TO WORK. Cars that aren't driven to work every day generally qualify for lower insurance rates. For example, a motorist who joins a car pool and uses his or her car no more than twice a week could save an average of $81 annually in Ohio. (Savings calculated for Ohio's eight major cities and rural territories show savings of $97 in Akron, $92 in Canton, $95 in Cincinnati, $153 in Cleveland, $86 in Columbus, $83 in Dayton, $94 in Toledo, $132 in Youngstown and $69 in rural areas.)*

Joining car pools could save as much as three million gallons of gasoline each week in Ohio and, at the same time, reduce auto insurance premiums by an estimated $40 million annually, according to a recent OII study. If 500,000 cars in Ohio were not driven to work three days a week, gasoline savings would be three million gallons a week, based on federal estimates of two gallons of gas used per day by the average driver. By eliminating only a little more than 7% of the state's total private passenger cars three days per week, 500,000 cars would be off the road.

Based on gasoline costs of $1.30 per gallon, this type of car pooling would also save the average Ohio driver $406 in gas charges annually. This is based on a reduction of two gallons of gas used per day, three days per week.

Estimated savings* on insurance for selected Ohio cities are:

Akron	$ 97
Ashland	72
Ashtabula	89
Athens	69
Aurora	85
Bellefontaine	69
Bucyrus	69
Cambridge	69
Canton	92
Chardon	85
Chillicothe	69
Cincinnati	95
Circleville	69
Cleveland	153
Columbus	86
Coshocton	68
Dayton	83
Defiance	69
Delaware	72
Elyria	101
Findlay	69
Fostoria	69
Fremont	69
Hamilton	92
Lancaster	69
Lebanon	69
Lima	76
Logan	69
Lorain	101
Mansfield	$ 71
Marion	72
Martins Ferry	92
Medina	85
Middletown	92
Mt. Vernon	72
Newark	69
New Philadelphia	69
Norwalk	72
Painesville	89
Piqua	69
Portsmouth	84
Ravenna	85
Sandusky	85
Sidney	69
Springfield	77
Steubenville	102
Tiffin	69
Toledo	94
Van Wert	69
Wapakoneta	69
Warren	92
Washington, C.H.	69
Wilmington	69
Wooster	72
Xenia	69
Youngstown	132
Zanesville	75

If you join a car pool, be sure your auto policy includes medical payments coverage for the protection of your passengers. Also, be sure to share the actual driving, rather than charging your passengers, since this charge could be considered a "public livery fee" (such as a taxi fare) and you might not be covered by your personal auto policy.

Now that you have reviewed the list, check those suggestions that you think could save you money. Then, contact your insurance agent or company and review the list with them. Your insurance representative may be able to offer additional suggestions and tailor your auto insurance to your needs.

*Source of Savings: Rates of Ohio Bureau of Casualty Insurers, 1/1/81.

CIRCUMSTANCES

READ THROUGH EACH SITUATION AND THE CIRCUMSTANCE THAT INVOLVES SOME TYPE OF FINANCIAL LOSS. INDICATE IN THE RIGHT-HAND COLUMN THE TYPE OF INSURANCE YOU WOULD NEED THAT WOULD PROTECT YOU AGAINST THIS LOSS.

SITUATION	CIRCUMSTANCE	INSURANCE ANSWERS*
LIMITED SAVINGS	YOU INJURED SOMEONE IN A CAR ACCIDENT	AUTO INSURANCE
MARRIED WITH THREE SMALL CHILDREN	YOU DIE	LIFE INSURANCE
RENT AN APARTMENT	YOU ARE BURGLARIZED	PROPERTY INSURANCE HOMEOWNERS/RENTERS
YOU OWN A HOUSE	YOUR HOUSE BURNS DOWN	PROPERTY INSURANCE HOMEOWNERS/RENTERS
A FRIEND IS IN YOUR HOUSE	YOUR FRIEND FALLS DOWN THE BASEMENT STAIRS AND BREAKS HIS/HER ARM	PROPERTY INSURANCE HOMEOWNERS/RENTERS
LIMITED SAVINGS	YOU BREAK A LEG	HEALTH INSURANCE
NEW CAR	YOUR NEW CAR IS STOLEN FROM A PARKING LOT	AUTO INSURANCE
YOUR GRANDMOTHER BREAKS A HIP	YOU NEED TO BUY A WHEELCHAIR	HEALTH INSURANCE

*REMOVE ANSWERS BEFORE DUPLICATION.

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PERENNIAL PROBLEM	What To Do Regarding Economics and Managing Resources
PRACTICAL PROBLEM	What Should I Do Regarding Resource/Product Management?
CONCERN/CONCEPT	Financial Planning/Protecting - Insurance

HOMEMAKING SKILLS

- Develop a personal insurance program based on goals, liability and income
- Identify characteristics of effective insurance brokers or agents
- Understand the impact of insurance on the economy

PROCESS SKILLS	CONCEPTS	STRATEGIES
MOTIVATIONAL ACTIVITY	Purposes for insurance Economic impact	Complete *Insurance Attitude Inventory. Read *(Insurance's) Economic Impact Read and react to case study.
PROBLEM	Health insurance	Crystal Cannon was the leading forward on her basketball team. In the final game of the season, she fell and seriously injured her back. She was hospitalized for three months and still returns weekly to the hospital for physical therapy. Use practical reasoning to analyze which type of health insurance would be best for Crystal by reviewing some actual health insurance policies.
PR		

Health Plan	Policy Coverages	Consequences	Advantages	Best Choice	Reason Why?

PROCESS SKILLS

GOALS
VALUES
FACTORS
ALTERNATIVES
CONSEQUENCES

PR

CONCEPTS

Health insurance (continued)

STRATEGIES

Survey class members to determine if they or their families carry health insurance. What type of coverage? Experience in using the insurance. Debate risk taking vs. cost of insurance (security). How might risk taking vs. insurance security affect you? Your family? What if no one had insurance; how would this affect medical care?

Discuss the following health insurance vocabulary list.

--Hospital Expense Insurance. (Most common kind of health insurance. Pays for all or part of a policyholder's hospital bill.)
--Surgical Expense Insurance. (Pays all or part of surgeon's fee for an operation.)
--Regular Medical Expense Insurance. (Usually available only in combination with hospital and surgical coverage.)
--Major Medical Expense Insurance. (Insurance that pays a percentage of large medical bills after the policyholder pays a deductible amount.)
--Basic Health Coverage. (Coverage that includes hospital expense insurance, surgical expense insurance and regular medical insurance.)
--Loss of Income Insurance. (Insurance that pays a percent of a wage earner's normal earnings for a specified period of disability.

React to case studies,"Health Insurance at Work?" What type of health insurance would have best met the needs illustrated by the following case studies by using the practical reasoning process?

Case #1 -- Andrew Goyne was home from work due to a serious illness for six months. He has a family of six to support, but he received full wages from his employer for just two weeks of his illness.

Case #2 -- Susan Sarle had her tonsils and adenoids removed. She had no insurance to cover the costs of this operation.

Case #3 -- Mathew Jesko injured his back in a baseball game. He spent three weeks in a hospital at a cost of $150 a day.

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Income insurance	Discuss income insurance: social security, disability income, insurance, survivor benefits, private income insurance. --What is the purpose of income insurance? (Assist people in meeting financial needs when regular income stops because of disability or retirement. Programs may be either public or private.) --What is the largest public program? (Social security) --How is it funded? (Mandatory contributions from employers, employees and self-employed workers.) --What type of benefits are provided? (Retirement, disability and self-employed workers. Social security also provides health insurance (Medicare), unemployment insurance and supplemental security income insurance.)
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES	Disability income insurance	Invite a representative from the social security office to discuss social security benefits. (Disability and survivor benefits, retirement, Medicare, unemployment insurance. Read vignettes on Social Security benefits. Respond to the case studies after listening to and questioning speaker from the Social Security office. Case #1--Tim Lutz died at the age of 34. He was survived by his wife and 6-year-old son. Can they qualify for any type of social security benefit? What? Case #2--Jane Pichichero is single and has been employed as a secretary for the past 15 years. Now, at the age of 45, she finds herself totally disabled and unable to work. Can she qualify for social security benefits? How? Case #3--Paul Kindell retired at the age of 65. At 70, he finds he is tired of staying at home and wants to return to work part time. What impact might this have on his social security benefits? Using resources, research unemployment insurance. (Types of income insurance, unemployment benefits, how to qualify, pros and cons of system, private income insurance

PROCESS SKILLS	CONCEPTS	STRATEGIES
PR	Disability income insurance (continued)	programs, pension plans, annuities, IRA-individual retirement account, disability income insurance). Write a one-page paper outlining your recommendations in regard to income insurance for yourself, a selected family member. Review how class has spent a great deal of time to date studying various types of insurance. Ask them to react using the practical reasoning approach to the following situation. A student states; "Why study about insurance? Why bother to spend money on insurance? Why not just save your money in a savings account and earn interest? Then, when you have an economic loss, you can pay for it from the savings account." --Do you agree or disagree with this point of view? --What would you tell this student if he made this statement to you?
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES **PR**	Life insurance	Using resources, write group papers which addresses: mutual life insurance company, stock life insurance company, term, level term, decreasing term, group life insurance, straight life, limited payment life, endowment. --Do I need life insurance as a high school student? What future factors need I consider? When do I need life insurance? --How do I find a reliable company. How do I compare costs? --What are the two basic kinds of life insurance companies? --What type of life insurance is available? --How does term and cash value insurance differ? --What are the differences between straight life, limited payment life, endowment policies? Present written report to class. Those reporting should incorporate the practical reasoning process in their presentations. Discuss class members' findings.

PROCESS SKILLS	CONCEPTS	STRATEGIES
		Write an article for the school newspaper outlining high school students' life insurance needs. Include a life insurance vocabulary list.
	Estate planning	Using resources investigate the purpose of wills.
PR		Use practical reasoning to do *Plan for Protection.
		Obtain recent estate planning information brochures from probate court, insurance agencies, and investment companies. Analyze types of recommendations given. Review points of law affecting taxes and estates.
		Using resources define codicil, beneficiary, executor or administrator, inheritance, heir, intestate.
	Reflection	Identify five major decisions you will need to make regarding protection/insurance. List facts which are important to know for each decision.
		Debate: You can never have enough insurance. Use resources to support positions taken.

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INSURANCE ATTITUDE INVENTORY

GENERAL DIRECTIONS: COMPLETE THE ATTITUDE INVENTORY AS FOLLOWS: READ EACH STATEMENT AND DECIDE HOW YOU FEEL ABOUT IT. RECORD YOUR FEELINGS BY WRITING A - AGREE, D - DISAGREE, OR U - UNDECIDED FOR EACH STATEMENT.

1. THE GOVERNMENT SHOULD PROVIDE INSURANCE PROTECTION FOR THOSE WHO CANNOT AFFORD IT. 1. ________
2. A DOCTOR IS THE BEST PERSON TO ADVISE YOU REGARDING THE TYPE OF MEDICAL AND HEALTH INSURANCE TO BUY. 2. ________
3. YOU CAN BUY INSURANCE ON THE LIFE OF ANY OTHER PERSON YOU WISH. 3. ________
4. A PERSON SHOULD BUY LIFE INSURANCE ONLY IF HE OR SHE HAS DEPENDENTS. 4. ________
5. A TEENAGER DOES NOT NEED TO LEARN ABOUT SOCIAL SECURITY, BECAUSE THIS PROGRAM IS ONLY FOR OLD PEOPLE. 5. ________
6. A PERSON UNABLE TO FIND WORK SHOULD RECEIVE A STEADY INCOME FROM THE GOVERNMENT. 6. ________
7. ALL PEOPLE WHO RETIRE FROM WORK SHOULD CONTINUE RECEIVING A PAYCHECK FROM THE GOVERNMENT. 7. ________
8. MOST PEOPLE DO NOT NEED HEALTH INSURANCE, BECAUSE THEY PROBABLY HAVE ENOUGH MONEY SAVED TO PAY THEIR MEDICAL AND HOSPITAL BILLS. 8. ________
9. A PERSON WHO HAS HEALTH INSURANCE COULD STILL HAVE TO PAY FOR MEDICAL BILLS FROM HIS OR HER OWN POCKET. 9. ________
10. THE ONLY TYPE OF HEALTH INSURANCE A PERSON HEEDS IS ONE THAT PAYS FOR BASIC DOCTOR AND HOSPITAL BILLS. 10. ________
11. MOST HEALTH INSURANCE PLANS ARE SPONSORED BY THE FEDERAL GOVERNMENT, NOT BY PRIVATE COMPANIES. 11. ________
12. BUYING GROUP HEALTH INSURANCE IS PROBABLY THE BEST WAY TO PROTECT YOURSELF AGAINST MEDICAL BILLS. 12. ________
13. ONLY THE BREADWINNER IN A FAMILY NEEDS TO HAVE LIFE INSURANCE. 13. ________
14. A PERSON WHO WANTS TO INVEST SOME MONEY SHOULD BUY LIFE INSURANCE AS AN INVESTMENT. 14. ________
15. YOU SHOULD NOT BUY LIFE INSURANCE IF YOU DO NOT HAVE A STEADY JOB. 15. ________

SOURCE: OHIO INSURANCE GUIDE, 1981

ECONOMIC IMPACT

EM 2.16

IF INSURANCE CEASED FOR JUST ONE DAY IN OHIO
HERE ARE SOME OF THE ECONOMIC LOSSES OHIOANS WOULD SUFFER...

131 NEW FAMILY DWELLINGS AND APARTMENTS WOULD NOT BE STARTED.

49 NEW CORPORATIONS WOULD NOT BE FORMED.

182,905 PERSONS EMPLOYED IN THE CONSTRUCTION INDUSTRY WOULD BE OUT OF WORK WITH AN APPROXIMATE WAGE LOSS EXCEEDING $17.2 MILLION.

38 ONE AND TWO-FAMILY HOMES DAMAGED $191 THOUSAND BY FIRE WOULD NOT BE INSURED.

1,533 PASSENGER CARS AND 400 TRUCKS WOULD NOT BE SOLD.

MORE THAN 7,136,000 LICENSED DRIVERS WOULD BE COMPELLED TO DRIVE WITHOUT AUTOMOBILE INSURANCE.

THE STATE TREASURY WOULD LOSE $377 THOUSAND IN INSURANCE TAXES AND FEES.

APPROXIMATELY $3.8 MILLION IN WAGES FOR MORE THAN 68,000 INSURANCE INDUSTRY EMPLOYEES WOULD BE IMPERILED.

$5.3 MILLION WOULD NOT BE PAID FOR PROPERTY, AUTOMOBILE, MEDICAL AND OTHER PROPERTY-CASUALTY INSURANCE LOSSES. THIS INCLUDES $2.1 MILLION FOR AUTOMOBILE ACCIDENT LOSSES ALONE.

MORE THAN $530 THOUSAND IN DIRECT LOSSES TO HOMEOWNER POLICYHOLDERS WOULD NOT BE PAID.

$4.3 MILLION WOULD NOT BE PAID TO BENEFICIARIES OF ACCIDENT AND HEALTH INSURANCE POLICIES IN PRIVATE COMPANIES.

$1.8 MILLION IN DEATH PAYMENTS TO LIFE POLICYHOLDERS WOULD NOT BE PAID.

$524,932 IN FARM MORTGAGES HELD BY LIFE COMPANIES WOULD GO UNPAID AND BE SUBJECT TO FORECLOSURE.

$42,200 IN AVERAGE LIFE INSURANCE IN FORCE PER FAMILY WOULD BE IMPERILED.

CONSTRUCTION OF NEW SCHOOLS WOULD NOT BE STARTED AND THE EXISTING INSURANCE ON 4,846 SCHOOLS WOULD BE ENDANGERED.

$117.2 MILLION IN RETAIL SALES WOULD BE IN JEOPARDY.

THE CITIZENS OF OHIO WOULD BE DEPRIVED OF $1,139,452 IN LIFE ANNUITY PAYMENTS.

$157,808 IN MATURED ENDOWMENTS WOULD GO UNPAID.

$1,089,863 IN POLICY DIVIDENDS WOULD NOT BE PAID TO LIFE POLICYHOLDERS.

1,200 INSURANCE COMPANIES ARE LICENSED TO DO BUSINESS IN OHIO, CREATING A HEALTHY, COMPETITIVE ENVIRONMENT TO THE BENEFIT OF THE INSURANCE-BUYING PUBLIC. OF THESE COMPANIES, 463 ARE PRIMARILY WRITING LIFE INSURANCE AND THE REMAINDER ARE WRITING FIRE, AUTO, ACCIDENT AND HEALTH AND MISCELLANEOUS INSURANCE LINES.

IT IS IMPORTANT TO REMEMBER THAT THESE ECONOMIC BENEFITS ARE PROVIDED THROUGH THE AMERICAN ECONOMIC SYSTEM. THE INSURANCE INDUSTRY MUST CONTINUE TO OPERATE UNDER THIS SYSTEM IN ORDER TO MAINTAIN AND STRENGTHEN ITS POSITION AS AN ESSENTIAL CONTRIBUTOR TO THE BENEFIT AND WELL-BEING OF SOCIETY.

SOURCE: OHIO INSURANCE GUIDE, 1981.

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EM 2.16

PLAN FOR PROTECTION

PLAN AN INSURANCE PROGRAM TO PROVIDE PROTECTION FOR ONE OR MORE FAMILIES BELOW.

1. RALPH IS THE FATHER OF TWO SMALL CHILDREN, AGES 6 AND 4. HIS WIFE DIED A LITTLE OVER A YEAR AGO AND NOW HIS PARENTS HELP OUT WITH THE CHILDREN. RALPH KEEPS HIS OWN HOME AND TAKES HIS CHILDREN TO HIS PARENTS DURING THE DAY.

2. SHEILA AND HER HUSBAND RON LIVE IN A RENTED HOUSE IN THE SUBURBS. THEY EACH OWN A CAR, WHICH THEY DRIVE TO WORK EACH DAY. THEY DON'T PLAN ON BUYING A HOME OF THEIR OWN BECAUSE THEY PREFER NOT HAVING THE RESPONSIBILITY OF THE UPKEEP. THEY BOTH HAVE DECIDED TO PURSUE THEIR OCCUPATIONS BUT NOT TO HAVE CHILDREN.

3. ELAINE AND JIM HAVE BEEN MARRIED FOR SIX YEARS. THEY HAVE ONE SON, AGE 3, AND ARE EXPECTING A SECOND BABY SOON. ELAINE STOPPED TEACHING WHEN THE SON WAS BORN IN ORDER TO BE AT HOME. JIM HAS A VERY GOOD JOB AND HAS ADVANCED A GREAT DEAL IN HIS WORK. THEY OWN TWO CARS AND ARE BUYING A HOME. THEY ENJOY CAMPING AND HAVE RECENTLY PURCHASED A NEW CAMPER.

4. SUE DAVIS HAS BEEN DIVORCED FOR TWO YEARS. SHE HAS CUSTODY OF HER TWO-YEAR-OLD DAUGHTER, SARA. SUE LIVES IN AN APARTMENT BUILDING CLOSE TO WHERE SHE WORKS AS A WAITRESS IN A LOCAL RESTAURANT. SHE WOULD LIKE TO MOVE OUT OF THIS NEIGHBORHOOD INTO A BETTER ONE BUT, WITHOUT THE SKILLS TO OBTAIN A BETTER JOB, SHE CANNOT AFFORD TO MOVE. A NEIGHBOR LOOKS AFTER HER DAUGHTER WHILE SHE WORKS. SHE HAD TO SELL HER CAR LAST YEAR BECAUSE SHE COULDN'T AFFORD TO KEEP IT.

5. ELIZABETH AND MACK ARE BOTH IN THEIR LATE SIXTIES. THEY HAVE BEEN MARRIED FOR SIX MONTHS. THIS IS THE SECOND MARRIAGE FOR EACH OF THEM AND THEY EACH RECEIVE SOCIAL SECURITY. THEY HAVE DECIDED TO MOVE IN WITH ELIZABETH'S BACHELOR SON IN ORDER TO SAVE ON EXPENSES.

6. STAN AND PAT HAVE BEEN MARRIED FOR TWO YEARS. THEY BOTH ARE ATTENDING COLLEGE AND WORKING TOWARD DEGREES. STAN HAS A PART-TIME JOB, WHICH HELPS WITH THEIR EXPENSES. PAT WORKS PART TIME AS A WAITRESS. THEY LIVE IN THE COLLEGE'S APARTMENT FOR MARRIED STUDENTS. STAN AND PAT WILL GRADUATE IN ABOUT EIGHT MONTHS AND HOPE TO FIND JOBS IN THEIR HOMETOWN. THEY DON'T OWN A CAR BUT HOPE TO BUY ONE AS SOON AS THEY GRADUATE. PAT HAS JUST FOUND OUT THAT SHE IS EXPECTING THEIR FIRST CHILD.

SOURCE: WEST VIRGINIA ADULT ROLES AND FUNCTIONS

EM 2.17e

PERENNIAL PROBLEM What To Do Regarding Economics and Managing Resources

PRACTICAL PROBLEM What Should I Do Regarding Resource/Product Management?

CONCERN/CONCEPT Financial Planning/Taxpaying

HOMEMAKING SKILLS

- Identify goods and services provided by taxes
- Identify purposes and benefits of taxes

PROCESS SKILLS	CONCEPTS	STRATEGIES
MOTIVATIONAL ACTIVITY	Reasons for taxation	List what you had contact with today that has been paid for by taxes (local, state, federal). Government food commodities Services of teachers School building Sidewalks Stop signs Highways Library Mail School buses Water Parks Public television Social security Discuss the cost of these and where the money comes from. --Do we need taxes? --What is a tax? --Who pays taxes? --What is the reason for taxation? --What are the basic types of taxes paid in the United States? --What benefits are received for the tax money? --Which taxes pay for a specified service? (Water, police, schools.) --How does the tax structure affect the individual? --List sources of tax information. --Keep a list of items for a week on which taxes are paid and the amount paid. --Using resources, define tax. List purposes of taxes and the basic kinds of taxes.

PROCESS SKILLS	CONCEPTS	STRATEGIES
		--Use a portable tape recorder to interview consumers as to their opinions concerning their tax dollars.
PR	Types of taxation	List at least ten facilities or services used within the last week which were provided by one of the three levels of government -- federal, state and local. Place the services in categories according to that criteria.

Debate, using the practical reasoning process, -- "Why Have Taxes?" Chalkboard talk chart for debate below.

Tax Type	Reasons for Taxes	Consequences	Alternatives	Who Affected	Tests
Local	Streets Water				
State	School funding				
Federal	School funding				

Collect newspaper and magazine articles on current taxes and the reasons for the growth in government spending. Is the growth good or bad? Why? Does this growth affect you, your family, your community?

PROCESS SKILLS	CONCEPTS	STRATEGIES
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES PR	Types of taxation (continued)	Interview your mayor, city manager, city or town clerk or other official to determine how tax dollars collected in or by your community are returned to the consumer. Discuss what it would be like -- A Day Without Tax Support (everyone speeding, drunk driving, no sidewalks, no water, no school). Read * Uncle's Busy in Your Life. Discuss questions similar to the following. --Should everyone pay taxes to support schools even though some people do not have any children? --Should some goods and services provided by the local government be done away with? --Who should decide how state monies are spent? Why? --Why should those working now pay for those who receive social security benefits? --Why should those working now pay for people on disability? --Should taxpayers pay for national defense? IEE -- Choose one of the topics or problems below for an individual report and analyze using the practical reasoning process. --Who pays the cost of school vandalism? --Let's do away with public education. --State Representatives -- needed or not? --People's attitudes about taxes -- agree/not agree? --Individual freedom vs. tax payment.

INFORMATION SHEET EM 2.17e

UNCLE'S BUSY IN YOUR LIFE

What has Uncle Sam done for you lately? Plenty. But maybe you don't recognize his services and take them for granted--until something goes wrong.

Just consider how many times the federal government affected your life during the first hour or so after you awoke today.

If you're like millions of others, you switched on your radio (regulated by the Federal Communications Commission), heard the time (kept officially by the Navy Department), and heard the weather forecast (courtesy of the Weather Bureau); shaved or sprayed with an aerosol bomb (regulated by the federal agencies); wore clothes made to measurements arrived at by the Bureau of Standards, and whose fiber content is policed by the Federal Trade Commission; and that last second dash of cosmetics was checked by the Food and Drug Administration.

Your orange juice could come from a frozen concentrated process controlled by federal inspectors, or from a better and more tasteful fresh fruit introduced by agriculture scientists.

Your bacon and ham were checked by federal inspectors, and the milk you drink must meet federal standards. That pill you took on the run had to be approved by the Food and Drug Administration.

The bus that takes you to school must meet safety standards and rate charges as laid down by the Interstate Commerce Commission. It will use roads that were made more durable by engineers of the Bureau of Public Roads, and no doubt financed in part with federal funds.

You hardly noticed the plane flying overhead, but its flight is directed by the Federal Aviation Agency.

You pass a bank and you're unconcerned about your money in it because it's insured by the Federal Deposit Insurance Corporation.

The air you breathe and the water you drink are checked for pollution content by your busy Uncle Sam. Throughout the day and night your government provides services for you, most of them unseen and taken for granted.

In spite of them there are still people who say rather innocently that the only federal services they get are from the postman who delivers them checks, and the Internal Revenue staff that takes too much of their money from them.

Source: "Management and Family Economics." Florida Dept. of Education.

PERENNIAL PROBLEM What To Do Regarding Economics and Managing Resources

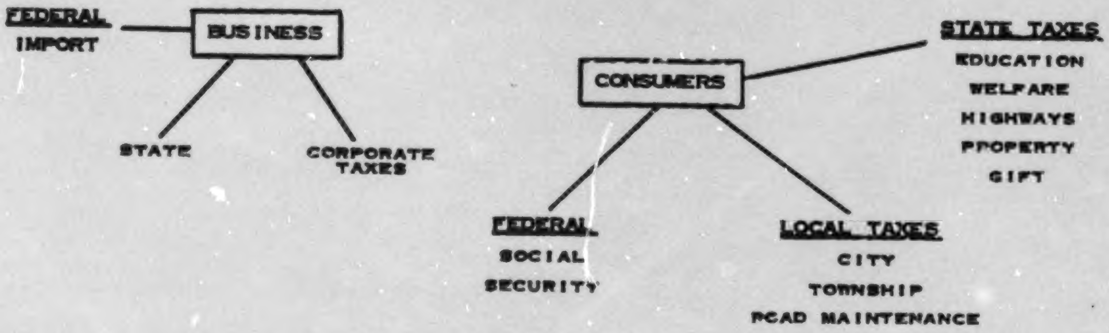
PRACTICAL PROBLEM What Should I Do Regarding Resource/Product Management?

CONCERN/CONCEPT Financial Planning/Taxpaying

HOMEMAKING SKILLS

- Identify goods and services provided by tax dollar
- Identify types and reason for taxes
- Determine appropriate sources of tax assistance for given situations
- Prepare records and receipts needed for computing taxes
- Complete tax forms

MOTIVATIONAL
ACTIVITY

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Tax rationale	Develop a bulletin board or overhead, "Taxes Are Taxing." Incorporate types of taxes connecting who pays.  FEDERAL IMPORT BUSINESS STATE CORPORATE TAXES CONSUMERS STATE TAXES EDUCATION WELFARE HIGHWAYS PROPERTY GIFT FEDERAL SOCIAL SECURITY LOCAL TAXES CITY TOWNSHIP ROAD MAINTENANCE Discuss which level of government provided the goods or service local, state, federal and the overlapping which occurs.

<table>
<tr><th>PROCESS SKILLS</th><th>CONCEPTS</th><th>STRATEGIES</th></tr>
<tr><td>

GOALS
VALUES
FACTORS
ALTERNATIVES
CONSEQUENCES

</td><td></td><td>Discuss why there are taxes. Debate: Why are taxes necessary? Using resources, complete chart below.

<table>
<tr><th>TYPE OF TAX SERVICES/GOODS</th><th>WHO BENEFITS?</th><th>WHO HURTS?</th><th>ADVANTAGES</th><th>CONSEQUENCES</th></tr>
<tr><td>Education</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Highways</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Welfare</td><td></td><td></td><td></td><td></td></tr>
</table></td></tr>
<tr><td></td><td>Types of taxes</td><td>Using resources, define kinds of taxes: excise, corporate, revenue, regressive, progressive, proportional, direct, indirect, personal, sales, property, social security, estate and gift, business and license, import. Complete sheet *Introduction to Taxes.</td></tr>
<tr><td></td><td>Use of local tax dollar</td><td>Interview a city official (mayor, city manager, clerk) to discuss how local tax dollars are used and returned to the people (goods and services). Ask for a copy of the budget. Complete an exercise on how the class would allocate the budget using the practical reasoning process.</td></tr>
<tr><td></td><td>Use of state tax dollar</td><td>Write state legislators to secure breakdown on state tax use. Debate which categories the class would allocate the money spent. Develop testimony on allocation of money spent.

IEE--Collect newspaper and magazine articles on current tax issues. Add to class bulletin board.</td></tr>
<tr><td></td><td>Use of federal tax dollar</td><td>Research the percentages of the following federal expenditure and place on the chart below:

--National Defense ____%
--Space Research and Technology ____%</td></tr>
</table>

PROCESS SKILLS	CONCEPTS	STRATEGIES
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES	Use of federal tax dollar (continued)	--General Government ____% --Education ____% --Health, Labor and Welfare ____% Debate -- In recent years the Federal Government has spent a large proportion of the federal tax dollar on National defense. Do you agree with this allocation? Why or why not? What might happen if this allocation were cut? Who would this affect? IEE -- List your government representatives to whom you might make your opinions known Write a letter to the appropriate legislator concerning your feelings on a current tax issue.
	Tax record-keeping responsibilities	Interview parent or guardian. Compile a list of the types of taxes you and your parents pay. Begin a list of the type of records you will need to complete tax forms. Review strategies for record-keeping. Review appropriate sources of assistance and advice on preparing tax returns. Write the IRS to send forms and discuss records needed, tax breaks frequently overlooked, hints in completing forms. Send for and review various tax forms - city, state, federal income tax forms. Using resources, complete an exercise in completing a tax form.

EM 2.17

Understanding terms and concepts

Examples of taxes that have been collected by local, state, and federal government units are listed in the left-hand column below. Read each example, and decide whether it is progressive or regressive and whether it is direct or indirect. Indicate your choices by placing a check mark in the appropriate columns at the right.

		Progressive	Regressive	Direct	Indirect
1	An admissions tax added to the price of a movie ticket				
2	A 1 percent tax levied on personal income by a city government				
3	An annual license fee of $5 that must be paid to the city by all barbers who provide services in the community				
4	A tax of 10 percent on long-distance telephone calls				
5	A tax amounting to 15 percent of the value of an inherited estate				
6	A federal tax of $1,200 that is levied on gifts made during a year which are valued at more than $3,000				
7	A 3 percent state sales tax that is added to the retail price of a car				
8	An import duty that is added to the price of a German camera				
9	An office employee's income tax payment of $250				
10	An excise tax of 5 percent that is added to the price of liquor				
11	A 4 percent state tax on personal income				
12	A state tax of 5 cents added to the price of a package of cigarettes				

Source: The American Consumer. Hermann and Jelly. Reproduced with permission.

EM 2.17

INTRODUCTION TO TAXES (CONTINUED)

INDICATE WHETHER THE FOLLOWING STATEMENTS ARE TRUE OR FALSE BY PLACING A T OR AN F IN THE COLUMN AT THE RIGHT.

1. THE WORDS DIRECT AND INDIRECT, WHEN APPLIED TO TAXES, REFER TO THE WAY TAXES ARE PAID. 1 ☐
2. WITH PROGRESSIVE TAXES, THE MORE AN INDIVIDUAL EARNS, THE SMALLER THE PERCENTAGE OF EARNINGS HE OR SHE IS REQUIRED TO PAY IN TAXES. 2 ☐
3. BECAUSE IT WOULD BE IMPOSSIBLE TO ADMINISTER THEM, THERE ARE NO PROGRESSIVE INDIRECT TAXES. 3 ☐
4. REGRESSIVE TAXES TAKE MORE FROM THE RICH THAN THEY DO FROM THE POOR. 4 ☐
5. THE FEDERAL INCOME TAX IS ESSENTIALLY A PROGRESSIVE DIRECT TAX. 5 ☐
6. IN RECENT YEARS, THE GOVERNMENT REQUIRED TAXPAYERS TO PAY A SURTAX OVER AND ABOVE THE REGULAR TAX. THIS SURTAX WAS A DIRECT REGRESSIVE TAX. 6 ☐
7. IN FISCAL YEAR 1970, NEARLY 50 PERCENT OF THE MONEY RECEIVED BY STATE AND LOCAL GOVERNMENTS CAME AS AID FROM THE FEDERAL GOVERNMENT. 7 ☐

EM 2.21e

PERENNIAL PROBLEM What To Do Regarding Economics and Managing Resources

PRACTICAL PROBLEM What Should I Do Regarding Resource/Product Management?

CONCERN/CONCEPT Financial Planning/Shopping Decisions

HOMEMAKING SKILLS

- Identify techniques to use in comparison shopping
- Identify consumer resources

PROCESS SKILLS	CONCEPTS	STRATEGIES
		Role play *Clothing Purchases. Discuss the role play situations.
		Discuss:
	Habits	--Last article of clothing you purchased. --Why was it purchased? (special occasion, need) --Do you still like it? --What is its present condition? --Would you purchase it again? --What factors influenced your original choice?
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES		Review factors which usually influence one's purchases (personal values, fashion, custom and habit, income, advertising, desire to impress others, time, energy).
		Discuss--would you classify yourself as an impulse buyer?
		Complete purchasing survey *My Consumer Image.
		Use *Consumer Choices to outline use of money in disposing of flexible income.
	Buying skills	Develop a Bulletin Board of Buying Skills. Use yarn to attach skills to choices inside head.

PROCESS SKILLS	CONCEPTS	STRATEGIES
PR	Buying skills (continued)	In groups, discuss how Joyce (#3 in Clothing Purchases) can make a more informed (rational) decision using the practical reasoning process. Ask questions such as: --What is Joyce's problem? --What values, goals, factors does she consider? --What choices (alternatives) does she consider? --How do her goals, values support her choice? --What would happen if everyone made decisions the way Joyce did? --What information, skills does Joyce need to make better decisions so she doesn't waste her money? (Reading labels, comparing information on labels, comparing garments at different stores, seasonal shopping)
	Government regulations	Using resources, determine and chart government regulations concerning label information for clothes and food items. Bring in labels from clothes and food items to illustrate government regulations. Design own labels for products drawn out of a sack. Use Seasonal Shopping Guides #1 and #2 (or your own) to identify common periods when items are less expensive.
SELF FAMILY SOCIETY	Types of stores	Using resources, develop a chart of types of stores for shoppers (specialty, discount, department). Ask these questions: --What store do you think Joyce should shop in? Why? --What would happen if everyone shopped at this store? --If you had $200 to spend, which type of store would you shop in? Do *Where To Shop. Share responses and reasoning.
PROBLEM		Mark Evans has decided to cook dinner for his girlfriend, Patricia. He went to the corner store to purchase the food for his dinner. Two hours later he returned home with one bag of groceries costing $35. He was angry and frustrated because it took him so long and spent so much money for one dinner to impress his girlfriend. Questions: --What was Mark's problem? --Why was he angry? (Values, time, money not used wisely.)

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Types of stores (continued)	In groups, brainstorm ways Mark could have saved money and time. Share ideas (menu plans, shopping list, compare stores' prices, unit pricing, check ingredients on hand). Develop menu plans and food on hand lists. Individually determine what foods to purchase. Using resources, determine how to make a shopping list. Make shopping lists from menu plans above. Do *Shopping List Using resources, discuss unit pricing. Do *Unit Pricing Worksheet. Add your own ideas!
PR	Consumer information	Share with groups sources of consumer information (Consumers Reports, Consumers' Research Magazine, Changing Times). Note the benefit they can provide when making shopping decisions. --What are the advantages and disadvantages of using these sources? --If you did not have these sources, where can you obtain information on the product you want to purchase? (Friends, dealers.) --What would happen if everyone used consumer sources for information when buying products? In groups, give students $8,000 to purchase a car. Using practical reasoning and buying skills learned, each group must agree on the type (options, cost) of a car to purchase. Share reasoning process and solution with the class. Ask questions about each solution. --If you had only $6,500 to purchase a car, what would you do? --If you were married and your spouse could not drive a "standard," what would you do? --If you had a job that required a lot of travel, what would be your choice? Why? --If a member of your family was in a wheelchair, what would you do? --How can you better plan for this purchase?

EM 2.21e

CLOTHING PURCHASES

General Directions: Role play the following situations.

1. Dick has asked Sally to attend a friend's wedding on Sunday. On Saturday, Sally decides she has to have a new dress and rushes out to buy one. She can't find one she really likes but as the store is about to close, she buys one.

2. Over the summer, Mark has outgrown every pair of jeans and shirts he owns. It is almost time for school to start so he plans a shopping trip to get some school clothes. His father has been out of work for the past four months, therefore, his funds are limited. He makes a list: jeans--brand worn by all my friends, shirts--want ones with emblem like friends.

3. Joyce saw a great looking outfit advertised. She ordered it and wore it. It didn't look too bad, she thought, regardless of what her mother said about it. The outfit got pretty dirty, so she threw it in the laundry. The next time she tried to wear it, she couldn't get it zipped. It hadn't occurred to her that it might not launder well. She gave up when she noticed that all the trim was coming off. Her mother told her she hoped she had learned not to believe the pictures, and when she looked at ads in the future, to check the garment's fiber content. Joyce's mother pointed out the ad didn't say what the outfit was made of or anything about laundering it.

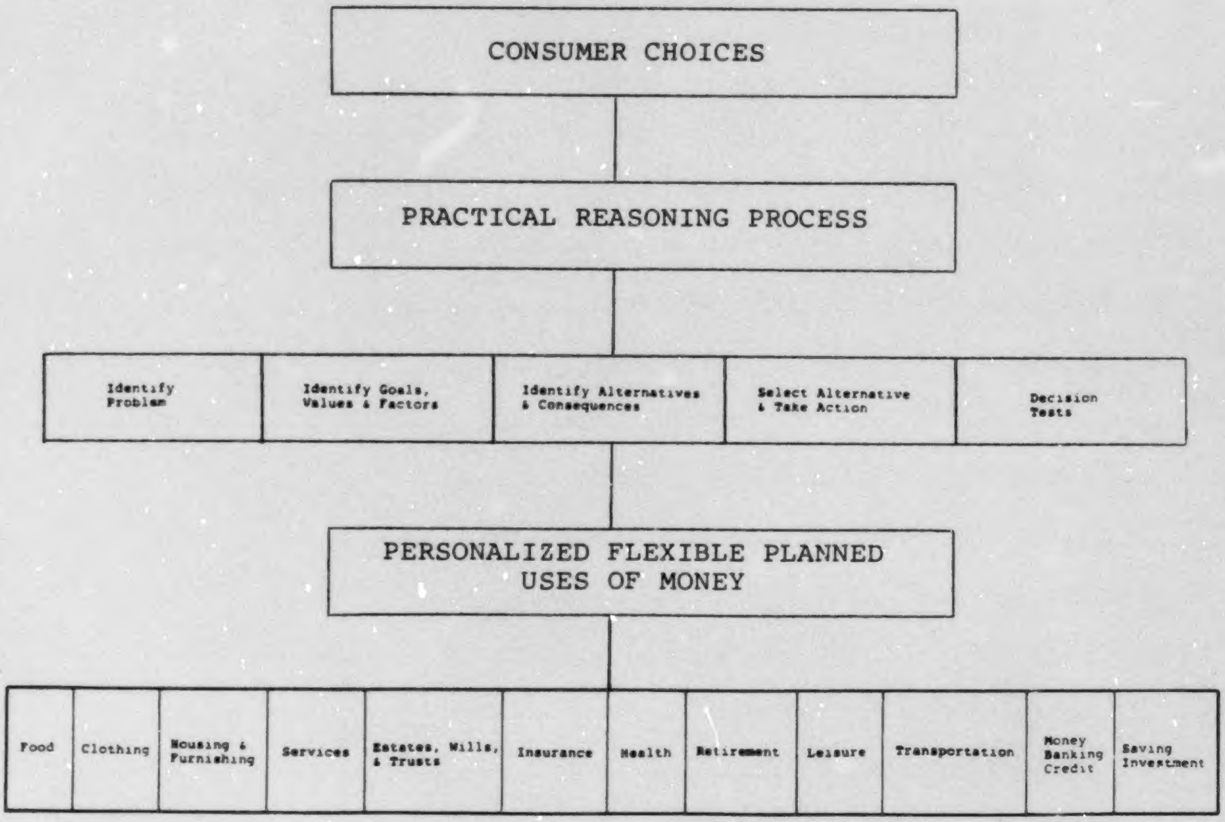
EM 2.21e

MY CONSUMER IMAGE

Place a check in the column that describes your self-image for each statement.

	YES	NO	SORT OF
1. I am an impulse buyer.			
2. I am often swayed by clerks.			
3. I am often swayed by advertizing.			
4. My friends influence me in shopping.			
5. I know what I want when I shop.			
6. I have trouble deciding what to buy.			
7. I love to spend.			
8. I love to shop.			
9. I don't bother with labels.			
10. I buy things I don't need.			
11. I buy things I don't use.			
12. I am satisfied with how I spend.			
13. I never have enough money.			
14. My money runs out too early.			
15. I am a careful buyer.			
16. I know what things cost.			
17. I "shop" to pass the time.			
18. I try on things just for fun.			
19. I feel funny in strange stores.			
20. I feel that clerks are suspicious of me.			

EM 2.21e


CONSUMER CHOICES
PRACTICAL REASONING PROCESS
Identify Problem
Identify Goals, Values & Factors
Identify Alternatives & Consequences
Select Alternative & Take Action
Decision Tests
PERSONALIZED FLEXIBLE PLANNED USES OF MONEY
Food
Clothing
Housing & Furnishing
Services
Estates, Wills, & Trusts
Insurance
Health
Retirement
Leisure
Transportation
Money Banking Credit
Saving Investment

EM 2.21e

SEASONAL SHOPPING #1

TO SAVE MONEY, SHOP SEASONALLY WHEN CERTAIN ITEMS ARE ON SALE. FOR EXAMPLE:

JANUARY

- COATS
- MEN'S SHIRTS
- SHOES
- PURSES
- SPORTS CLOTHES
- COSTUME JEWELRY
- TOILETRIES
- INFANT'S CLOTHES
- LINGERIE
- DISHES/GLASSES
- HOME FURNISHINGS
- HOUSEHOLD APPLIANCES
- HOUSEWARES
- BLANKETS/SHEETS/TOWELS
- TABLECLOTHS
- STORM WINDOWS
- CARPETS/RUGS

FEBRUARY

- MEN'S SHIRTS
- WOMEN'S HATS
- SPORTS CLOTHES
- HOME FURNISHINGS
- HOUSEWARES
- FURNITURE
- DISHES/GLASSES
- WINDOW CURTAINS DRAPES
- LAMPS
- PILLOWS/MATTRESSES
- CARPETS/RUGS

MARCH

- SPRING CLOTHES
- WINTER COATS
- HOSIERY
- INFANT'S CLOTHES
- CHILDREN'S SHOES
- CLOTHES WASHERS/DRYERS
- STORM WINDOWS

APRIL

- WOMEN'S HATS
- ROBES
- INFANT'S CLOTHES
- MEN'S/BOYS SUITS
- CLOTHES DRYERS
- COOKING RANGES
- WOMEN'S/CHILDREN'S COATS

MAY

- PURSES
- ROBES
- LINGERIE
- SPORTS CLOTHES
- TABLECLOTHS
- TIRES
- CARPETS/RUGS
- LINENS
- WAXES/MOPS/SCRAPERS
- TOWELS/BLANKETS

JUNE

- ROBES
- FABRICS
- SUMMER CLOTHES
- DRESSES
- FROZEN FOODS
- LUMBER
- BUILDING MATERIAL
- FURNITURE

JULY

- SUMMER CLOTHES
- SHOES/HATS/PURSES
- INFANT'S CLOTHES
- MEN'S SHIRTS
- SPORTS CLOTHES
- AIR CONDITIONERS
- CARPETS/RUGS
- FABRICS
- CHILDREN'S CLOTHES
- LINGERIE
- TOILETRIES
- FUEL OIL
- FREEZERS/REFRIGERATORS

AUGUST

- COATS
- SCHOOL CLOTHES
- TOWELS
- LAWN FURNITURE
- FANS
- TIRES
- PAINTS
- HOME FURNISHINGS
- PILLOWS/MATTRESSES
- MEN'S CLOTHING
- SCHOOL SUPPLIES
- FURNITURE
- LAWN MOWERS/SPRINKLERS
- WINDOW CURTAINS/DRAPES
- CARPETS/RUGS
- LAMPS
- HARDWARE
- AIR CONDITIONERS

SEPTEMBER

- CHILDREN'S CLOTHES
- FURNITURE
- HARDWARE
- PAINTS
- CARPETS/RUGS
- FABRICS
- DISHES GLASSES
- HOUSEWARES
- LAMPS
- LAWN MOWERS/SPRINKLERS

OCTOBER

- ROBES
- HOSIERY
- DISHES/GLASSES
- SCHOOL CLOTHES
- SCHOOL MATERIALS
- SILVERWARE

NOVEMBER

- DRESSES
- ROBES
- CHILDREN'S CLOTHES
- MEN'S/WOMEN'S SHOES
- QUILTS/BLANKETS
- FABRICS
- COATS
- MEN'S/BOYS SUITS
- COOKING RANGES
- WATER HEATERS

DECEMBER

- CHILDREN'S CLOTHING
- CHILDREN'S HATS/COATS
- MEN'S/WOMEN'S SHOES
- WOMEN'S COATS
- BLANKETS/QUILTS

PROVIDED BY CONSUMER CREDIT COUNSELING SERVICE.

EM 2.21e

SEASONAL SHOPPING #2

JULY

CHICKEN
TURKEY
DAIRY PRODUCTS
SHELLFISH
MELONS
STRAWBERRIES
BERRIES
PEACHES
PLUMS
APRICOTS
GRAPES
PEARS
TOMATOES

AUGUST

VEAL
CHICKEN
SHELLFISH
PEACHES
GRAPES
MELONS
BERRIES
PLUMS
PEARS
APRICOTS
TOMATOES
DAIRY PRODUCTS

SEPTEMBER

VEAL
CHICKEN
SHELLFISH
MELONS
BERRIES
PEACHES
PLUMS
APRICOTS
GRAPES
PEARS
ONIONS
TOMATOES
DAIRY PRODUCTS

OCTOBER

BEEF
PORK
VEAL
CHICKEN
TURKEY
SHELLFISH
APPLES
POTATOES
DAIRY PRODUCTS

NOVEMBER

BEEF
PORK
TURKEY
APPLES
POTATOES

DECEMBER

LAMB
TURKEY
POTATOES

JULY - SEPTEMBER

FRESH VEGETABLES

PROCESSED FOOD--FOLLOWING THE HARVEST MONTHS. CANNED AND FROZEN FOODS ARE USUALLY THE LOWEST PRICE AND ON SPECIAL, LATE SUMMER, EARLY FALL.

PROVIDED BY CONSUMER CREDIT COUNSELING SERVICE

WHERE TO SHOP

Directions: After studying each shopping venture, select the best choice or choices of marketplaces for purchasing the product. Indicate your selections by placing a check (✓) under the name of the appropriate marketplace. Then explain the reasoning behind your decision.

VENTURE	Chain Store	Department Store	Specialty Store	Community Store	Mail Order Store	Door-to-Door Salesman	Discount Store	REASONING
1. Jan needs to replenish her supply of personal grooming items. She has time and transportation but is tight on money this month. Where should she go?								
2. Molly is a mother of infant twins and a toddler. She has a little time and irregular means of transportation. One luxury she allows herself is a good brand of cosmetics which she can get in spite of these problems. How does she get it?								
3. Sue's friend, who lives in another city, sent a set of sheets for Sue's wedding. Now Sue wants to buy a matching set. She has adequate time and money but lacks transportation to go to the original store. Where might she find them?								
4. Fran wants to buy a 3-piece suit, but has a fitting problem with average ready-made clothes. Money, time and transportation are not critical factors. She likes a store where she feels less rushed and has more personal attention to fitting needs. Where should she go?								
5. Pam lives in the country near a small town. She has duties which keep her busy when she's not at school. She saved money for a Sunday dress, but has limited transportation and practically no time to visit the nearest city, 60 miles away. Where will she get the dress?								

Source: "Management and Family Economics," Florida Department of Education.

EM 2.21e

SHOPPING LIST

Directions:

Study the fictitious shopping list below. Answer the questions below it.

Item, Brand, Size	Joe's Supermarket	Ben's Supermarket	Carol's Supermarket
Sweet peas, Pink Giant 17 oz.	2/50¢	2/45¢	2/53¢
Pork and Beans, Hall's 1 lb.	20¢	29¢	26¢
Green beans, Rosey's 8 oz.	12¢	13¢	12¢
Corn, creamed, Pink Giant 12 oz.	2/50¢	2/49¢	2/49¢
Evaporated milk, Pete	3/33¢	3/39¢	3/28¢
Spaghetti, canned, Spanish-American 26½ oz.	31¢	33¢	31¢
Tomato paste, Hall's 12 oz.	35¢	33¢	33¢
Soup, Pine's 14½ oz.	19¢	16¢	20¢
Tuna fish, Sea Chick 7 oz.	53¢	48¢	51¢
Sliced peaches, store brand 29 oz.	35¢	37¢	36¢
Ground Chuck, 1 lb.	79¢	65¢	75¢
Chicken, pieces, 1 lb.	49¢	53¢	51¢
Lard, Primo, 1 lb.	25¢	26¢	25¢
Gelatin, Wiggly Dessert 3 oz.	4/45¢	4/39¢	4/39¢
Frosted Flakes, Logs 15 oz.	49¢	51¢	53¢
Circle-O's, General Housman 7 oz.	30¢	31¢	34¢
Corn flakes, Logs, 13 oz.	33¢	32¢	33¢
Peanut Butter, creamy, Skipper's 18 oz.	63¢	67¢	65¢
Ketchup, Pine's, 20 oz.	29¢	29¢	33¢
Sandwich Bread, Tasteful 22 oz.	34¢	34¢	34¢
Soda, store brand, 12 oz.	12/$1.08	12/$1.44	12/$1.20
Soda, bottles, Manhof 28 oz.	4/88¢	4/$1.04	4/96¢
Rice, Virginia, 3 lb.	59¢	61¢	58¢
Sugar, Mine, 5 lb.	67¢	67¢	66¢
Coffee, Well-Ground, 1 lb.	71¢	79¢	78¢
Milk, ½ gallon	58¢	57¢	58¢
Bacon, 1 lb.	89¢	93¢	87¢
Mayonnaise, Anna's, 1 qt.	69¢	75¢	74¢
Eggs, Primo large, 1 doz.	63¢	67¢	65¢
Margarine, Gerry, 1 lb.	36¢	36¢	39¢
Beer, 6-pack, Lenny's, 12 oz.	$1.39	$1.29	$1.35
Happy Wrap, 200 sq. ft.	55¢	57¢	55¢
Lettuce	39¢	32¢	33¢
Tomatoes, 1 lb.	33¢	29¢	34¢

1. According to this comparison shopping list, in which supermarket should your family shop?
2. Use an adding machine to total the prices in each column. How do the totals compare?
3. In each column, find some items that are "low-price specials".

EM 2.21e

UNIT PRICING WORKSHEET

Which is the better buy?

Directions:

Read the unit price labels for each food item. Determine price of each item. Place in "Price of This Item" column. Then put a check on the item that shows the better buy.

1. Carrots

	Size	Unit Price	Price of This Item
A.	8 oz.	75¢ per lb.	
B.	16 oz.	67¢ per lb.	
C.	24 oz.	58¢ per lb.	

2. Peanut Butter

	Size	Unit Price	Price of This Item
A.	4.5 oz.	10¢ per oz.	
B.	9 oz.	11¢ per oz.	
C.	18 oz.	12¢ per oz.	

3. Rice

	Size	Unit Price	Price of This Item
A.	2 kg	95¢ per kg	
B.	5 kg	85¢ per kg	
C.	10 kg	89¢ per kg	

PERENNIAL PROBLEM What To Do Regarding Economics and Managing Resources

PRACTICAL PROBLEM What Should I Do Regarding Resource/Product Management?

CONCERN/CONCEPT Financial Planning/Markets

HOMEMAKING SKILLS

- Recognize alternative markets
- Demonstrate the ability to weigh alternatives
- Recognize selling methods
- Recognize benefits of reading consumer publications
- Interpret warranties and legal agreements

PROCESS SKILLS	CONCEPTS	STRATEGIES
MOTIVATIONAL ACTIVITY	Markets	Brainstorm the types of goods and services a consumer might purchase in the marketplace (jeans, foods, cars). Discuss the difference between a good and a service. Place the items on the list into categories of markets (retail; product/service, service, manufacturing; product/good). Discuss the following questions: Why do you feel the product market is being overcome by the service market? Why are services so important to the consumer of today? Discuss market alternatives when desiring to secure needed goods and services (cooperatives, bartering, stealing, win it, get free with coupons, exchange -- swap services, make it yourself).
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES	Market alternatives	Invite a panel of community members to discuss how they utilize alternative markets. (Parent who is involved in a child care cooperative -- explain operation and function, advantages and disadvantages. Participant in a food cooperative -- review the procedures followed and time involved, advantages and disadvantages. Bartering enthusiast -- procedures involved, advantages and disadvantages. Coupon enthusiast -- explain savings, system of operation, advantages and disadvantages.) Brainstorm other ways families need for goods and services can be met without using money. Complete chart *Is It Worth It?

PROCESS SKILLS	CONCEPTS	STRATEGIES
GOALS VALUES FACTORS CONSEQUENCES ALTERNATIVES		Review factors involved in deciding whether to produce goods or services yourself or to pay someone else (time available, quality desired, family members' skill).
		FHA/HERO -- Collect "cents-off" coupons that could provide savings in operating the foods laboratory. Develop a system and carry it out under direction of instructor.
		FHA/HERO -- Set up a cooperative with school administrative approval to buy an item needed throughout the school (poster board). Operate the co-op for a designated period of time. Evaluate results.
		FHA/HERO -- Establish a service swap among members. List services you are willing to trade (alter jeans, bake birthday cake, type term paper). Set up a system of credits so the service does not have to be a direct swap.
		IEE -- Research pros, cons, and methods employed in couponing. Interview a minimum of two homemakers involved in couponing and include their comments in report.
PR	Impact of advertising Spending habits	Set up a display featuring jeans. Include advertisements for jeans and actual jeans. Feature men's and women's jeans, designed through no name. Using resources on advertising, analyze the jean ads to determine information provided, selling techniques, emotional appeal, factual claims, and general tastefulness. Rewrite the poorest ads. Discuss with class members their jean preference. Review what jeans they purchase and reasons for their preference and actual purchase by using the practical reasoning process.
		Why buy jeans? Why do you think certain consumers are buying jeans? If you were your mother/dad, would you buy jeans? Why or why not? How do you think the retail and manufacturing markets might be affected if consumers stopped buying jeans?
PR		Brainstorm a list of products and services bought by teenagers. Use practical reasoning process to decide what to do if you wanted to start a business catering to teenagers. Incorporate advantages of going into certain businesses, disadvantages, goals, values and factors.

<table>
<tr><th>PROCESS SKILLS</th><th>CONCEPTS</th><th>STRATEGIES</th></tr>
<tr><td>PR</td><td>Selling methods</td><td>Review methods used to influence sales of goods and services (advertising, promotions, sales gimmicks, buying incentives, salesperson's skills at point of sale). Note the need to be knowledgeable of selling methods in order to make logical and intelligent shopping decisions. Use the chart below to analyze how these skills would or would not benefit a consumer.
<table>
<tr><th>Understanding Skills</th><th>Consequences</th><th>Advantages</th><th>Tests
Role Reversal
Universal
New Situation</th></tr>
<tr><td>Advertising</td><td></td><td></td><td></td></tr>
</table>
</td></tr>
<tr><td>PR</td><td></td><td>Create advertising slogans. Are you aware of advertising's influence on you? Why do you think you were able to complete so much of the advertising slogan exercise? Do you think advertising affects you? In what way? What other ways are you influenced when you buy? (Peer pressures, friends, money available, types of stores, parental thoughts.) Debate whether advertising is GOOD or BAD. What should you personally do about using advertising? (Use the practical reasoning process.)</td></tr>
<tr><td></td><td>Consumer resources</td><td>Review resources available to assist you in making wise shopping decisions.
--Magazines (Consumer Reports, Consumer Research Magazine, Changing Times.)
--Agencies (Better Business Bureau, Consumer Federation of America, Department of Commerce, National Consumers League, Federal Trade Commission, Food and Drug Administration, Office of Consumer Affairs, Environmental Protection Agency.)</td></tr>
</table>

PROCESS SKILLS	CONCEPTS	STRATEGIES

Are these resources and information useful to you? Use the following chart to decide.

Source of Information	Content of Information	Usefulness of Information		For Someone Else
		Now	Later	

IEE -- Using consumer magazines, read three articles of gyps and frauds. Write a report on findings. Present to class.

Fraudulant business practices

Invite or interview a representative from the Better Business Bureau (BBB) to review the services and explain how to best utilize the assistance. Ask the representative to outline some recent fraudulent business practices encountered. Analyze the discussion by asking the following questions: Will the services of the BBB be helpful to you as a consumer? Family members? The community in general? Are the facts reliable? How are the facts gathered? Who financially supports the BBB? (business)

IEE -- Using resources prepare a list of hints to keep in mind when purchasing goods and services. What and where to buy (reputable dealer, seals of approval, warranties).

Do *The Buyers Family and use the practical reasoning process to analyze.

Reflection

Do *Buying A Used Car worksheet.

IS IT WORTH IT?

Directions: Brainstorm in your class about ways families can produce goods and services for themselves. Fill in the chart below with the ideas you have showing who in the family might be the producer and what skills, equipment or time is required. Answer the questions below.

Family member who produces goods or services	Goods or services produced	Skills, equipment and/or time required
EXAMPLE		
Father	car repairs	knowledge of mechanics tools spare time -- varies

1. How can family needs be met without using money?
2. Tell what factors are involved in deciding whether to produce the goods or services yourselves or to pay someone else to produce them.
3. Suggest ways jobs could be shared or traded so that everyone's needs are met.

THE BUYERS FAMILY

EM 2.22

"Our money never seems to go far enough. Why can't we get ahead of these bills?" Mr. Buyer was muttering to himself as he was going over the family expense figures the accountant had given him. "I will barely have enough to pay the accountant, get a new oil filter put on my car and have the lawn mowed," he moaned.

Cash Buyer seemed not to notice as he busily went over plans for his week. This was to be the week of his last Boy Scout camp before tenth grade. "I'll take my clothes to the laundry, get my shoes shined at the shoe shop and buy some cookies to take along when I go down town this morning," he thought. "I hate to show in Dad's dirty car, so I'll get that washed too."

Fancy Buyer, at 15, had no time for money worries. She was too concerned about what to wear to the school dance Saturday. She was working up nerve to ask for an allowance advance to buy the $75.00 skirt she had seen in the window at Alex's Dress Shop. She would also need to get her hair done and get a manicure if she was to look as she wanted to look.

Pam Buyer surveyed the scene with concern as she went over the meal plan for the week. What would happen if this family missed just one paycheck? The thought seemed scary. She made a mental note to talk with the children about spending less. "Let's see," she thought. Monday the kids have meetings so we can all eat out at Joe's Pizza and Spaghetti House. Tuesday I will be busy playing golf at the club, so we will have steaks. They are quick to fix. Wednesday is Fancy's birthday. I must remember to order a cake from the bakery.

The scene shifts to the local garage later that day. Mr. Buyer is complaining to a friend that things are so high that he has trouble keeping within his budget. "We had that trouble for a long time" his friend said. "However, about a year ago we sat down at home and took a hard look at what we were paying for and what we could really do for ourselves. Seems like our money goes a lot further now."

BUYING A USED CAR

I. Analyzing Car Ads

Roslyn wants to buy a used car. Here are two newspaper ads about cars Roslyn is considering. Read the ads and answer the questions that follow.

DODGE '71, V8, R & H, A/C, auto trans, exc cond, sale priced $1495 COUNTRY MOTORS 210 Oak St. Portsmouth 756-9175	SUBARU '74, Fully loaded 2 door hardtop, factory options, priced to sell, 100% parts and labor guarantee, $2200 CITY-LINE SUBARU 35 Plymouth Rd. Dayton 245-2021

1. What do each of the following abbreviations stand for?

   a. auto trans: ______
   b. R & H: ______
   c. A/C: ______
   d. exc cond: ______
   e. V8: ______
   f. factory options: ______
   g. fully loaded: ______
   h. priced to sell: ______
   i. 100% parts and labor guarantee: ______

II. Choices...What Do You Think?

List the disadvantages of buying a used car and the advantages of buying a used car.

DISADVANTAGES	ADVANTAGES

Questions to analyze:

1. Do you think you should buy many extras when you buy a car so that resale will be easier?
2. Should you shop around before you buy a used car? Explain your answer.
3. The average family spends about $900 a year for the expenses involved in owning a car. How much of this amount do you think is spent for:

   a. Insurance: ______
   b. Gas: ______
   c. Maintenance: ______
4. Compare your answers with what your parents or friends actually pay. How do you account for the difference?
5. Your family wants to buy a car. Although they can afford to buy a new car, they are thinking of buying a used one. What advice would you give them?

   a. Why do different car dealers charge different prices for identical cars?

   b. Do you think you might be willing to actually pay more for a car from Dealer A rather than pay less for a car from Dealer B? Why?

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EM 2.31

PERENNIAL PROBLEM What To Do Regarding Economics and Managing Resources

PRACTICAL PROBLEM What Should I Do Regarding Resource/ Product Management?

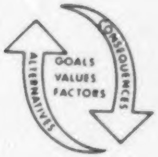
CONCERN/CONCEPT Conserving/Diminishing Resources

HOMEMAKING SKILLS

- Identify diminishing resources
- Consider consequences of diminishing resources
- Plan to conserve resources

PROCESS SKILLS	CONCEPTS	STRATEGIES
MOTIVATIONAL ACTIVITY		List items or goods that have become scarce in recent years (oil, coffee, sugar). Suggest ways to solve shortages (rising prices for items, alternate items -- tea instead of coffee). How do limited resources contribute to development of new products (synthetic fuels for gas)? Discuss how use of a product or practice may diminish resources. List as many examples as you can. (Cars -- gasoline; air conditioners -- electricity; writing on restroom walls -- paint and time of custodian; factory pollution -- air quality; long showers -- water.)
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES	Diminishing resources	In groups of four, two persons plan an argument pro and the other two plan an argument against each statement. Debate before the class. --Should Americans be concerned with conserving food when we have an abundance? --Is it all right for me to waste resources if I have the money to buy them? --Shopping has become a form of recreation. This means that we are so busy looking ahead to the next purchase that we don't enjoy what we have. --Happiness is measured by what you own. --Whenever we buy something we give up freedom -- we have to care for it, repair it, store it and eventually dispose of it.

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Water	Using resources and creative ideas, research and discuss in class: --Can water be re-used in the home? --What possibilities exist for multiple uses? (Re-using hot soapy water from laundry or dishwasher for washing floors.) --Compare water required for bath vs. shower; dishwasher vs. hand washing.
		Find amount of water required for dishwashers and automatic washers. Calculate costs. Suggest ways to conserve.
PROBLEM	Energy	Role play a family who has just learned that the winter heat allocation has been decreased by 20 percent. Share concerns and ways to deal with the problem.
		List every energy-using item in the home and ask each family member to rank them in order of importance. Post lists around the room.
		IEE -- List all of the electrical applicances in your home according to wattage. Classify as high (over 1,000), medium (300 -- 1,000) or low (under 300). Chart electricity used in home over three-month periods. Analyze kilowatt hours used and cost per KWH.
		At 5:30 p.m., go through every room of your home and make a list of each piece of electrical equipment in use. Do the same thing before you go to bed and when you get up in the morning. Determine which of these uses were unnecessary. Report in class and formulate guidelines for energy conservation based on your findings.
		Individually, in five minutes, list as many energy conservation methods as possible. Compile class list. Using resources, add to list. Reproduce the list and send to parents.
SELF FAMILY SOCIETY		The school administration has decided to help reduce energy consumption in this country. The administration has proposed three plans to discourage students driving to school. Read *Plans for Teenage Driving.

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Energy (continued)	In small groups, identify advantages and disadvantages of each plan. Choose one plan and give reasons to support your decision. Share in class. Discuss whether it would be easier to support a plan that asked some other group (not teenagers) to reduce their driving. Keep a record of your family's automobile use for one week including trips made and gasoline used. Evaluate in terms of the number of trips that could have been avoided or combined. Develop a list of suggestions to improve your auto energy use and enlist your family's support in implementing them. Share results, in terms of energy saved, with the class. Invite an automobile mechanic to discuss factors that affect auto performance and gasoline consumption (driving habits, tune-ups). Visit several auto dealers to find out about mileage ratings of various auto makes and models. Formulate general guidelines for purchase and use of automobiles based on your findings.
	Reflection	Given situations where resources are limited, indicate how you would cope with these limitations (due to an environmental emergency, these resources will be available only as follows: water between 7-8 a.m.; fuel rationing: auto -- an economy car with five gallons of gas per week and driven with three person minimum between 7-8 a.m. and 5-6 p.m.; food: no meat). Share ideas. Discuss ways an individual or family could help prevent these emergencies, the trade-offs of the alternatives, and the long and short-range implications of decisions made.

EM 2.31

PLANS FOR TEENAGE DRIVING

PLAN A) One way to stop students from driving to school would be to close all parking lots to student drivers. Only teachers and school staff would be allowed to park on school property. All cars violating this plan would be towed away at the expense of the owner. It is assumed that students would no longer drive to school if they are not allowed to park in the school parking lots.

PLAN B) Students will be allowed to park on school property if they are willing to pay $4 per day for the privilege. If a large number of students continue to use the parking lot, the price will be raised until it is too expensive for most students to park on school grounds. This plan allows students who have the greatest need to drive a personal car to school to pay for that privilege.

PLAN C) The administration will distribute parking permits to students who need to drive to school. The total number of permits would be one-third of all the present parking spaces at the school. Preference would be given to students on the basis of the following priorities:

1. Handicapped students.
2. Working students.
3. Drivers who transport at least three additional students to school.
4. Seniors.
5. All other students.

Source: Energy Tradeoffs in the Marketplace. Washington State Council on Economic Education

PERENNIAL PROBLEM What To Do Regarding Economics and Managing Resources

PRACTICAL PROBLEM What Should I Do Regarding Resource/Product Management?

CONCERN/CONCEPT Conserving/Product Substitution

HOMEMAKING SKILLS

- Assess need for product substitution

PROCESS SKILLS	CONCEPTS	STRATEGIES
MOTIVATION ACTIVITY		On bulletin board display headlines or photos of resources that are in danger of becoming depleted because of demand. --What is the relationship of a limited resource to the production of goods? --Cite examples of new goods being developed due to short supply of resources.
		You are planning to bake cookies for thirty (30) of your friends as "Gifts From Your Kitchen for Christmas." You plan to give an assortment of three dozen to each friend. When you shop for ingredients, you find that the cost of butter, eggs, and sugar have increased 30% since you priced them in the market one week ago. --Make a statement concerning the relationship of price to demand. --Is personal satisfaction of giving the gift worth the extra expenditure of money? --What products might be substituted for three that have increased in price? --When might ingredients have been purchased at a savings? --Would another product be a good substitute? --Would the recipient of the gift be as satisfied if the assortment was limited to three or four kinds of cookies using less sugar, butter and eggs?
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES		Generate alternatives and consequences. Make a decision and justify the choice.

PROCESS SKILLS	CONCEPTS	STRATEGIES

Given a list of resources that are scarce, give a substitute that may be used in product preparation or manufacture.

Wool -- Synthetic fibers
Gasoline -- Smaller car
Synthetic fuel
Chocolate -- Cocoa and butter
Butter -- Margarine
Sugar -- Honey
Fresh eggs -- Egg powder

Polyester/Cotton -- Perma Press Cotton
Potatoes -- Rice, pasta
Rubber -- Polyester latex
Wood -- Fiberglass
Coffee -- Tea
Cornstarch -- Flour

--Why would you substitute the items on the second column for those of the first?
--What effect does product substitution have on prices?

Brainstorm substitutes for the following. Be creative!

--Measuring cups
--Colander (strainer)
--Flour (to thicken gravy)
--Double boiler

In groups plan a backpacking trip for one week. Be creative in developing suggestions for camping equipment and food. Share your reasoning process with the class.

PERENNIAL PROBLEM What To Do Regarding Economics and Managing Resources

PRACTICAL PROBLEM What Should I Do Regarding Resource/Product Management?

CONCERN/CONCEPT Conserving/Personal Family Resources

HOMEMAKING SKILLS

- Identify personal and family resources
- Demonstrate skills in time and energy management

PROCESS SKILLS	CONCEPTS	STRATEGIES
PROBLEM	Time management	Do *Case Study: Sally. What other factors may affect her decision? (Skill, enjoyment of painting.)
		Do a survey asking people 1) what they would do if they had all the time in the world and 2) what they would do if they had only 15 free minutes a day. Compile and note if results vary by age or sex.
		Using resources (texts, current periodicals, and books) investigate methods for managing time well.
		Make a time-saver check list. Consider: --Making a plan. --Acting promptly. --Storing/filing accurately. --Concentrating on activity. --Avoiding interruptions.
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES		What factors affect how much time you spend on a task? (Workload, experience, equipment, standards, like or dislike work, interruptions.)
		IEE -- Keep a record of your personal use of time for three days, including school day and weekend. Analyze. Are there additional activities you would like to do? Replan and evaluate.

PROCESS SKILLS	CONCEPTS	STRATEGIES
		How important is unscheduled time?
		Role play time wasters --to you. --to others (keeping them on the phone, visiting unexpectedly).
		In small groups, develop skits of good and poor time managers.
	Market and nonmarket value of time	List 20 homemaking tasks most frequently performed. Determine an hourly wage rate for each task. (Use newspaper or ask people for prevailing wages.)
PROBLEM		Given a family of three people -- a single mother who works from 8 to 5, a seven-year-old boy, and a 16-year-old girl -- use the practical reasoning process to determine who might be responsible for each task. Develop additional characteristics of the family as needed.
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES	Energy management	What factors affect one's supply of energy? (Health, age, food habits, inherited patterns, body metabolism, daily life style/activities, demands on self.)
		Individually, describe a high energy day and low energy day for you. Consider events which demand both physical and mental energy.
		Refer again to the list of 20 homemaking tasks. Rank order them in terms of energy requirements for: --A single person living alone. --Young married person. --Single parent with elementary age child. --Working married mother with four children under age 10. --Retired person.
		Using resources, including texts, helpful hint columns, current periodicals, develop list of ways to save energy. Make posters or write articles for parent newsletter.

PROCESS SKILLS	CONCEPTS	STRATEGIES
		Do *Work Simplification activity.
		In pairs choose a household task -- cleaning, ironing, preparing food, clean-up of meal. One person performs the task while the other traces the motions on paper. Together analyze and present to class. Are there instances in which one may not want to save energy? (To get exercise.)
	Human resources	Do * Goals and Human Capital. Define human capital.
		Refer to 20 homemaking tasks listed at start of module. Rate the skill level required for each module as high average or low. Personally check your skill level in these three categories.
		Is imagination a human resource? Explain.
	Management process -Planning -Sequencing	In small groups prepare skits and perform for class illustrating first with a plan, then without a plan.
		--Trip to grocery --Preparing a term paper --A wedding --Going to camp --A holiday dinner --Homecoming or prom dance
		Discuss probable results if there were no plan. How detailed do plans need to be? How should activities be sequenced?
		Read * Sequencing. Give other examples of independent, dependent and coordinating sequencing.
		Do * Types of Sequencing sheet.
		Do * Shopping Trip. Discuss consequences of not planning.

PROCESS SKILLS | **CONCEPTS** | **STRATEGIES**

After researching concepts of human energy management (storing items at place of first use, dovetailing activities), develop plans for reorganizing the home economics room to improve the efficiency with which it can be used. Compare your plans and select the best. Submit a proposal to your principal for the needed changes. Make a list of storage tips.

In small groups work with one of the plans from above. Identify a circumstance which requires altering the plan. Develop an alternative plan.

Review * Home Management Is sheet. Develop a list of statements in two columns.

A Manager	A Manager Does Not
--Plans, controls, and evaluates resources	--Always gets things done quickly.
--Makes decisions	--Assume same goals for everyone
--Uses resources to each goals	--Assume same standards for everyone
	--Always make a written plan

Write newspaper want ads for full-time homemakers at various stages of the life cycle. Include tasks to be performed, abilities and skills required, salary and benefits offered. Compare your work and then discuss changes that would need to be made in the ads if the homemaker took a full-or part-time job.

PR

In the following case study, identify goals, values, human resources (skills, time, mental and physical energy) and material resources. Generate some of the problems Belinda and Phil may face in the conflict between housework and parenting. (Six-year-old wants to describe day -- parents are preparing dinner; two-year-old wants to be pushed around room, father is tired.) Using practical reasoning, generate alternatives (positive and negative) and analyze consequences.

> Belinda is a 27-year-old mother of three children: a 4-month baby, 2-year-old, and 6-year-old. Her husband, Phil, was laid off a well-paying job but has secured another job at a much lower pay. Both Belinda and her husband work from 8 to 5. Belinda drops her children off at a day care center. Her kindergartener goes to the day care center after school.

PROCESS SKILLS	CONCEPTS	STRATEGIES
		Belinda and Phil would prefer part-time work for Belinda. However they would probably lose their home and car if she did not work. Belinda and Phil have read many parenting books and believe in the importance of emotionally nurturing, talking and listening with their children, and providing an intellectually stimulating environment. However, they are too tired at the end of the day and have too many tasks to do at home to give the children the time and attention they need.

CASE STUDY: SALLY

Sally wants the house painted. A painter would do the job for $50 a day and he figures it would take 6 days to finish the job. Sally could paint the house but it would take her 12 days to do it. Sally makes $30 a day at her own job. Sally's brother said if she decided to paint the house he would help paint for 3 days at $30 a day. Sally figures that would cut her own time to paint to 8 days.

1. Figure what it would cost if Sally painted the house by herself (multiply the number of days it would take times her foregone income).
2. Figure the total cost if Sally's brother helps. (Multiply the number of days it would take if he helps, times her foregone income. Add what she would pay her brother.)
3. What would it cost to have a painter do the job?
4. Which would cost the least?
5. To find the opportunity cost for the best use of Sally's time and the second best use, subtract the best use from the second best use.
6. What is the best use of Sally's time?
7. Check your answers below.

KEY

1. $30 x 12 days = $360
2. ($30 x 8 days) + ($30 x 3 days) = $330
   $240 + $90 = $330
3. $50 x 6 days = $300
4. Getting a painter
5. $330 - $300 = $30
6. Go ahead and work and hire a painter.

Source: Competency-Based Curriculum for Home Management. West Virginia.

WORK SIMPLIFICATION

Using the case study below that describes how Ms. Parker set her table for the evening meal, list 8 ways she could have prevented fatigue and increased the amount of energy she could use for the task. Note positions and motions that cause fatigue.

Ms. Parker sets her table:

It is time to set the table for the evening meal and Ms. Parker begins her task. From the wall cabinet she sets the dishes and glasses needed for the family of five and carries them to the table in two separate trips. The cream is taken from the refrigerator and placed on the counter while she goes to the wall cabinet and gets the sugar bowl, both are taken to and placed on the table.

Remembering that Mr. Parker wants coffee when pork roast is served, she gets his coffee cup from the wall cabinet and sets it beside his plate. From the silverware drawer she gets five knives, forks and spoons and places them on the table. The paper napkins are obtained from the back of the base cabinet behind the baking dishes and she folds each as she places it under the fork on the table.

It is now time to remove the food from the oven and place it on the table for serving. The pork roast is placed on a large serving platter that she had to get from the wall cabinets above the refrigerator. She gets the serving bowl for the applesauce from the wall cabinet and goes to the refrigerator to get the chilled applesauce and place it in the serving bowl that is on the counter. She then takes it to the table. Ms. Parker removes the broccoli from the oven and places it on the range top after going to the drawer to get a pot holder. She returns to the drawer to get a hot pad and places it on the table. Then she carries the broccoli to the hot pad on the table.

The family is called for the evening meal. After everyone is seated, she remembers the butter that is in the refrigerator and gets up to get it. As Mr. Parker reaches for the applesauce, it is evident there is no serving spoon so Katie goes to the silverware drawer for it. As the meal progresses, Tommy asks for more iced tea and Ms. Parker goes to the counter to get the tea pitcher.

After the meal is concluded, Ms. Parker can't seem to find the energy to get up and begin on the kitchen clean-up. Katie is assigned the job of cleaning the dishes and kitchen following the evening meal.

Source: Competency-Based Guide for Home Management. West Virginia.

EM 2.33

GOALS AND HUMAN CAPTIAL

Whether or not you reach your goals may depend on the amount of human capital you have. Consider the following situations.

1. Rod would like to be able to travel more than anything. He doesn't like to rough it, however. Therefore the cross country trip he would like to make is out of the question since he does not earn enough to do more than just live from payday to payday. He quit school in his junior year so there is not much chance of getting a better job.

2. Sally finds she doesn't like her present job. She is a secretary in a large business firm. The equipment is old and the boss is grouchy. Sally decides she would like to have a secretarial job that involves some travel. She knows she will be able to get a different job easily because she had good training.

3. The Millers would like to move to Arizona. Betty has asthma and the climate here makes it worse. Her husband, Sam, has a steady job which he is afraid to give up. He has learned his job pretty well but knows that it will be hard to get similar work elsewhere.

4. George works in the engineering department of a utility company. He is a high school graduate and got on-the-job training when he started 20 years ago. Now it gets to him that engineers who have degrees but no experience get moved up ahead of him. They can veto his suggestions even though he knows more about some matters than they do.

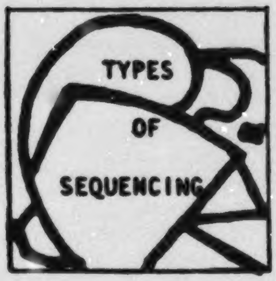
5. Georgia was a floor nurse at the local hospital. When she got on the job she found she just did not like shift work. Finally she decided to work for the health clinic which was an 8:00 -- 5:00 job. She likes this much better.

Source: Competency-Based Guide for Home Management. West Virginia.

EM 2.33

SEQUENCING

1



TYPES

OF

SEQUENCING

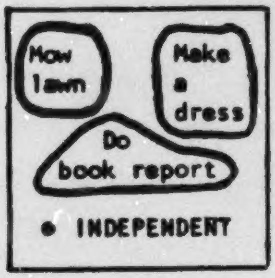
2

- ● Independent
- ● Dependent
- ● Coordinated

3

INDEPENDENT--
complete one task before going to the next.

4



Mow lawn

Make a dress

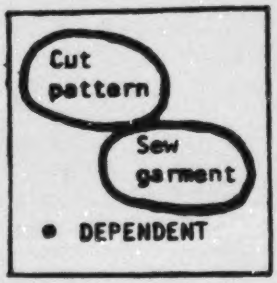
Do book report

● **INDEPENDENT**

5

DEPENDENT--
tasks can be started or after another is completed.

6



Cut pattern

Sew garment

● **DEPENDENT**

7

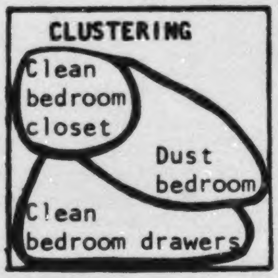
COORDINATED--

A-Clustering
B-Overlapping
C-Dovetailed

8

CLUSTERING--
complete tasks located in or related to one area before going to another area.

9



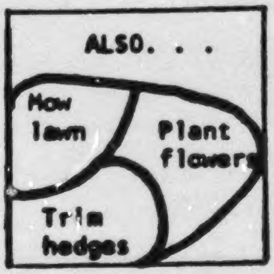
CLUSTERING

Clean bedroom closet

Dust bedroom

Clean bedroom drawers

10



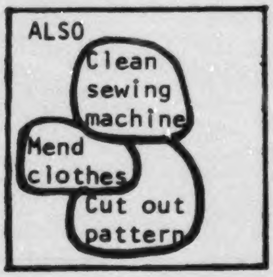
ALSO. . .

Mow lawn

Plant flowers

Trim hedges

11



ALSO

Clean sewing machine

Mend clothes

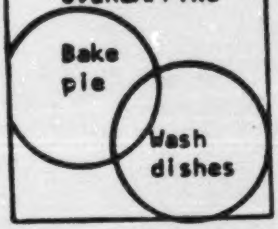
Cut out pattern

12

OVERLAPPING--
complete tasks which are related in that one job is part of the other job.

13

OVERLAPPING


Bake pie
Wash dishes

14

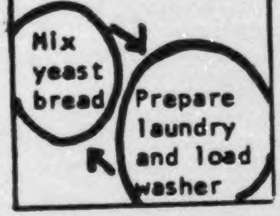
DOVETAILING--complete tasks by having several going on at once and. . .

15

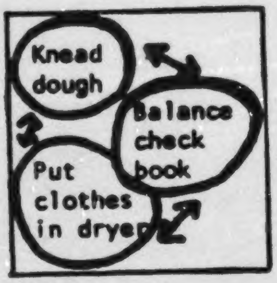
moving from one to another as the schedule permits.

16

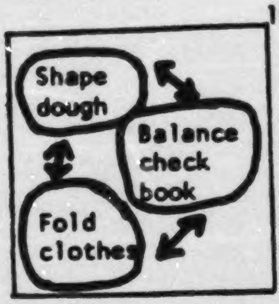
DOVETAILING


Mix yeast bread
Prepare laundry and load washer

17


Knead dough
Balance check book
Put clothes in dryer

18


Shape dough
Balance check book
Fold clothes

19

REVIEW

What are 3 types of sequencing

?

20

What are 3 types of coordinated sequencing?

?

21

Give examples of different types of sequencing.

THE END

EM 2.33

TYPES OF SEQUENCING

Each of the following situations describes a type of sequence. Identify the type of sequencing in each by matching each situation with the correct type of sequence. Use letters to show your answers.

TYPE OF SEQUENCE:

A. Clustering
B. Independent tasks
C. Dovetailing
D. Dependent tasks
E. Overlapping

____ 1. Mary Ann is making a birthday cake for her father. She prepares and bakes the cake first. Then she frosts the cake with canned frosting.

____ 2. Cindy is preparing a casserole for supper for her family. While she prepares the casserole she washes the dishes she is using.

____ 3. When Mrs. Smith cleans her bathroom, she cleans the tub first, then the sink and finally the toilet bowl. Last she cleans the bathroom floor.

____ 4. Mary Ann had three things to do Saturday morning. First she cleaned her room, then she hemmed a skirt, and finally she washed the family car.

____ 5. While Mrs. Smith sits under the hair dryer, she plans her menus for the following week and makes out her market order.

____ 6. Mrs. Smith is preparing supper and sewing. She puts a roast in the oven. While the food cooks she cuts out a pair of slacks for her daughter. She then puts fresh green beans on to cook and potatoes in the oven. Then she marks her pattern and staystitches. After that she sets the table and finishes supper.

____ 7. Bill has been working on Saturday to earn extra money. Today he is working for Mrs. Smith. He mowed her lawn and then washed her car, Then he carried boxes to the attic for her.

____ 8. Sometimes Mr. Smith prepares Saturday morning breakfast. After he puts the coffee on he starts the bacon frying. While the coffee perks and bacon fries, he scrambles the eggs and puts the toast in the toaster.

____ 9. Cindy is cleaning the family room. She dusts the furniture, cleans the windows and mirror, and finally she vacuums the carpet.

____ 10. Mrs. Smith has a vegetable garden. Today she plans to prepare fresh green beans and potatoes for supper. She goes to her garden to select and gather her vegetables, she cleans and prepares the vegetables, and finally she cooks the vegetables.

Source: Competency-Based Guide for Home Management. West Virginia.

EM 2.33

SHOPPING TRIP

Seventeen-year-old Jan is planning to go shopping Saturday. She has to buy a birthday gift, get some stockings, and exchange a blouse for her mother. Her dad has asked if she will stop at the post office and mail some important letters. They must be registered and the window is only open from 9-12. She has to be back by 2:00 p.m. to take her brother to the dentist. He can't go with her this morning though as he has band practice at 9:00 a.m. She must also drop off some drycleaning which she has to have back for tonight. The cleaners have one-hour service but won't take anything new after 11:00 a.m. They open at 8:00 a.m. and close at 4:00. It takes about 30 minutes to drive to town. The dentist is also in town.

She figures she can do all of her shopping in the main part of town but the post office is about five blocks from the shopping center--farther than she wants to walk. She will have to wait for her brother to finish at the dentist since they never know how long it will take. She figures he will be through by 3:30 though. She needs to be home by 4:00 p.m. She is going out to dinner at 6:00 and has to straighten her room a little, wash her hair, and get ready. Fortunately, she has a brush dryer. Somehow she must also finish reading the last 40 pages of a book for a report. She knows today is the only chance before it is due Monday.

Arrange the tasks from the various plans so that they can all be carried out. Number in order 1-14. When you finish check your answers below.

____ Clean room

____ Read book

____ Do shopping

____ Stop at cleaners

____ Pick up at cleaners

____ Go to post office

____ Pick up brother

____ Go to dentist's office

____ Wash hair

____ Dress for dinner

____ Drive to town first time

____ Drive home first time

____ Drive to town again

____ Drive home again

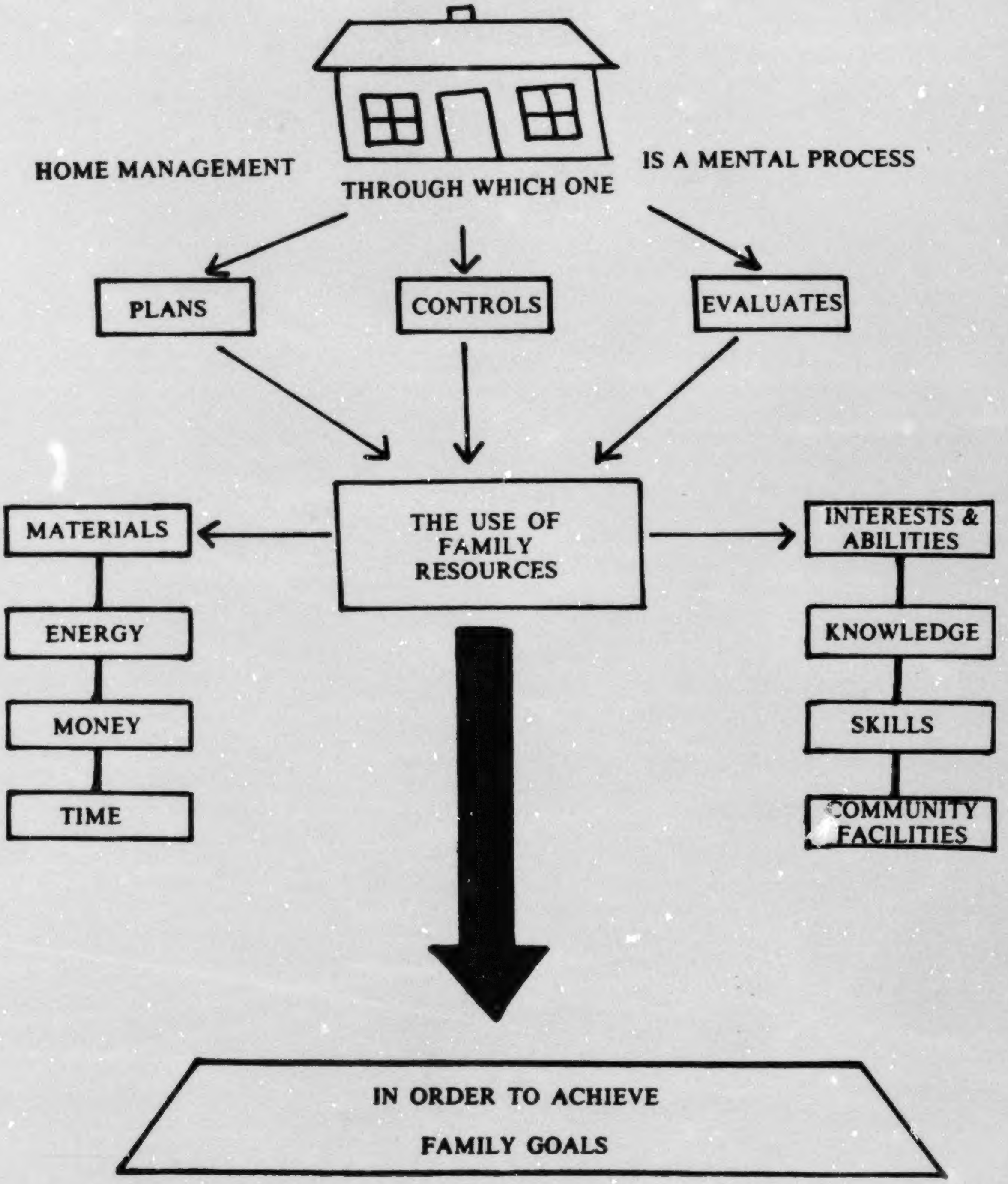
If your answers are different after checking the key, go over the schedule with a friend to see if your overall plan would work.

KEY: 12, 10, 4, 1, 6, 3, 7, 9, 13, 14, 2, 5, 8, 11.

Source: Competency-Based Guide for Home Management. West Virginia.

EM 2.33

HOME MANAGEMENT IS


HOME MANAGEMENT
THROUGH WHICH ONE
IS A MENTAL PROCESS
PLANS
CONTROLS
EVALUATES
THE USE OF FAMILY RESOURCES
MATERIALS
ENERGY
MONEY
TIME
INTERESTS & ABILITIES
KNOWLEDGE
SKILLS
COMMUNITY FACILITIES
IN ORDER TO ACHIEVE
FAMILY GOALS

PERENNIAL PROBLEM What To Do Regarding Economics and Managing Resources

PRACTICAL PROBLEM What Should I Do Regarding Citizen Participation?

CONCERN/CONCEPT Consumer Protection/Consumer Rights and Responsibilities

HOMEMAKING SKILLS

- Identify complaints to proper sources
- Analyze and evaluate consumer rights and responsibilities
- Accept responsibility of consumer actions

PROCESS SKILLS	CONCEPTS	STRATEGIES
MOTIVATIONAL ACTIVITY	Rights and responsibilities	Clip newspaper articles which relate to consumer protection columns, company lawsuits, malpractice lawsuits. Give a clipping to teams of student groups to review. Have a representative from each student group report a summary of their respective clippings. Their summaries should include the following: 1) summary of story, 2) what "consumer right(s)" the clipping discussed and 3) why they felt the consumer did or did not need protection according to the incident.
	Consumer rights	Project the overhead transparency entitled *"Rights and Responsibilities." Discuss the five consumer rights and why students feel thse rights are important to them as consumers. Further discuss the responsibilities that correspond to the five consumer rights.
PR	Responsibilities	Respond individually by a written report of an incident when you felt that you, a friend, or family member had one of the five consumer rights violated. Give the reasoning steps and then give advice on the incident incorporating the following questions: --Can we be protected from a situation of this type? If so, how are we protected and by whom? --Are there consumer responsibilities that could have been a part of this incident? --What would have been your solution to the situation if you were the business representative involved?

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Right to safety	Collect various safety labels (UL, Blue Star Warranties, Good Housekeeping), use and care information or select products to evaluate for safety: toys, clothing, food, appliances. Develop a list of five questions to use when determining safety for each of the products. Analyze how safety factors came about by using information from the U.S. Producer Safety Commission.
	Right to be informed Analyze advertisements	Collectively make a detailed analysis of three or more advertisements that make specific claims students have seen or heard through the news media (bread, soft drinks, car tires, clothing, food, insurance). Reflect how the individual advertisements might affect various age groups (children, teens, middle age, elderly).
	Keep informed about new products	Use mail order catalogs to have students analyze features of new products, compare newspaper descriptions of the same products for the kinds of information available in each and develop a list of unfamiliar terms for future study.
	Right to choose	
	Comparative shopping Be selective	Invite a resource person (sales of stereo equipment) to give advice on how to be an efficient shopper. Have students do "shadow grocery shopping" (observe shoppers) and then discuss and analyze the person's product selection using the following matrix.
	Be honest in dealings	Have students use a blank chart as the one listed prior to choosing their own criteria for selection on an upcoming purchase.

Criteria for Selection

Alternatives	Meets Dietary Needs	Meets Budget Needs	Cost Per Unit (good buy)	Quality Meets Need	Meets Users taste
1.					
2.					
3.					

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Right to be heard	Hold a "Complaint Game" by having student role play customer-clerk relations in various situations (shrunken skirt, broken eggs, incorrect change, wrong billing, incorrect catalog merchandise received).
PR	Voice complaint	Use the practical reasoning process to analyze the consequences, alternatives and solutions.
	Make suggestions for improvement	Write a letter to manufacturers using the format listed below to voice a complaint, compliment or give suggestions concerning a specific product. Attach a note requesting comment on the value of the letter and how it might be improved. Compare letters sent and letters received. --Explain the problem carefully and briefly. --State when and where you bought the item or arranged for the service. --Explain how the purchase is defective or praise. --List the steps you have already taken to solve the problem or use the product. --Give as much specific information as possible, including style, numbers, catalog numbers, order numbers. --State what you believe should be done about your claim. --Keep a copy of your letter of complaint. --If you write a second letter, include a copy of the first.
PR	Right to be protected	Brainstorm how students are protected in a typical school day through laws and regulations (laws concerning school bus inspection, bus driver licenses, teacher certification, cafeteria food regulations, fire regulations). Using the practical reasoning process, analyze various situations and what would happen if there were no rules or laws. --School without regulations. --A highway without motor vehicle regulations. --Pedestrians on streets without regulations. --Stores without protection from theft.

EM 3.11

RIGHTS AND RESPONSIBILITIES

MULTIPLE CONSUMER RIGHTS

RIGHT TO SAFETY	RIGHT TO BE INFORMED	RIGHT TO CHOOSE	RIGHT TO BE HEARD	RIGHT TO BE PROTECTED
Responsibilities	Responsibilities	Responsibilities	Responsibilities	Responsibilities
Examine merchandise for safety features Follow use and care instructions Report unsafe products	Analyze Advertisements Keep informed about new products Check care instructions before buying Seek additional information if necessary	Be selective Recognize income limitations Be honest in dealings Treat merchandise with respect	To voice complaints and satisfactions To make suggestions for product improvement To know where to go for help	Be informed and respect existing laws and standards Be informed of one's rights Accept responsibilities as a voter Support voluntary organizations

PERENNIAL PROBLEM What To Do Regarding Economics and Managing Resources

PRACTICAL PROBLEM What Should I Do Regarding Citizen Participation?

CONCERN/CONCEPT Consumer Protection/Consumer Assistance

HOMEMAKING SKILLS

- Recognize consumer assistance needs
- Identify public, private and community resources
- Analyze value of information

PROCESS SKILLS	CONCEPTS	STRATEGIES
MOTIVATIONAL ACTIVITY	Consumer assistance	Send for or collect consumer information from various sources (Attorney General's Office, State Tower, 15th floor, Columbus, Ohio 43215, local Chamber of Commerce, local Better Business Bureau, Consumer Union, Consumer Research, Consumer Federal of America Washington, D.C.). Give reports on the consumer information found. Use information as a classroom bulletin board.
	Type of consumer needs	Write various products, career, human needs (hospital care, dietary problem, odd shoe size) on slips of paper and place in a paper bag. Direct each student to draw one slip of paper. Have the students research information concerning consumer assistance available on the item drawn and report findings to the class.
GOALS VALUES FACTORS ALTERNATIVES CONSEQUENCES	Public information Private information	Gather consumer literature information from governmental agencies. (Special Assistance for Consumer Affairs, Food and Drug Administration, Internal Revenue Service, Post Office, Extension Department, Fire Bureau.) Have students review the information, ranking on a scale from 1 to 5, by the following criteria: 1) information factual and accurate, 2) concise and clear to understand and 3) additional information not necessary. Discuss why the government is involved with consumer information. Follow-up activity: gather consumer literature information from the private sectors (automobile manufacturers, appliances, foods, stereo) and proceed with the same above-mentioned activity.
		Brainstorm where consumers might gather information. Then evaluate the list by using the practical reasoning process. Use the chart below as a motivator.

PROCESS SKILLS | **CONCEPTS** | **STRATEGIES**

PR

Other sources and information

Information Source	Criteria			
	Reliable Accurate	Additional Information Not Needed	Similar Value Goals as Own	Information Applies to All Purchases
Professional in the field	+	+	-	-
Friends				
Relatives				
Magazines				
Brochures				

PR

Community resources seek information

Using the following list of community resources and others, make a consumer decision about the five statements below -- (Where might you find information about each statement.)

List of Community Resources

--Neighbors
--Friends
--Businesses
--Education institutions
--Governmental agencies
--Medical agencies
--Libraries
--Consumer agencies
--Charity organizations

Consumer Decisions

--You want to see how much your electric bill will be in the new apartment where you are moving.
--You want to check to see whether you want to take a first aid course.
--You have just signed a contract to purchase a $109.00 sweeper with a door-to-door salesperson. You have changed your mind and don't want the sweeper.

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Community resources to seek information Agencies function	--You have some questions and need for information about your retirement. --You want to find what all those different grades on meats and eggs means. Investigate functions that the following agencies do and take notes. Then relate how the investigated agencies' functions might benefit consumers. Use the chart below as a motivator.

AGENCIES	BENEFITS TO CONSUMERS
Labor Unions Functions:	
Consumer Research Incorporated Functions:	
Environmental Protection Agency (EPA) Functions:	
City Ombudsperson Functions:	

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Agencies function (continued)	

AGENCIES	BENEFITS TO CONSUMERS
Chamber of Commerce Functions:	
Federal Housing Administration (FHA) Functions:	
Cooperations Functions:	

Use the completed information as a bulletin board.

EM 3.13

PERENNIAL PROBLEM	What To Do Regarding Economics and Managing Resources	**HOMEMAKING SKILLS**	
PRACTICAL PROBLEM	What Should I Do Regarding Citizen Participation?	• Recognize importance of consumer laws and action needed	
CONCERN/CONCEPT	Consumer Protection/Consumer Law		

PROCESS SKILLS	CONCEPTS	STRATEGIES
MOTIVATIONAL ACTIVITY **PR**	Consumer Law	Read the following as a motivator, "It Pays to Know Consumer Law." Ohioans lose millions of dollars annually to consumer fraud. The average Ohioan loses approximately $200 each year and often doesn't realize it due to lack of knowledge of the law. Ohioans call the Attorney General's office each month with consumer complaints. What can you do to protect YOU from consumer frauds if you had the following problem(s)? Specify consequences and alternatives. Case 1: Donovan vs. Raleigh Record and Tape Club Facts: In March 1975 Elton Donovan joined the Raleigh Record and Tape Club. When Elton ordered two tapes by the Grateful Zepilin and The Blunt Sisters he received a tape by the Painters. Elton returned the tape with an explanation of the problem, but he was billed for the two albums which were originally ordered. He sent another letter attempting to rectify the problem; he was unsuccessful. Elton began to receive letters threatening to turn his account over to a collection agency. Answer: An investigator sent a letter to Raleigh explaining the problem. In their response the Director of Operations contended that Elton's

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Consumer Law (continued)	

albums were sent and he was "unable to determine why both shipments did not reach him." However, "In any event," the record club agreed to remove the charge of $15.20 and close the account.

Discussion Questions:

--How could both the business and the consumer be certain that correspondence and packages would arrive at the desired location? What are the advantages and disadvantages of this method.

Case 2: Juan vs. Bob's Sharp Cars

Facts: On September 10 Juan was searching the used car lots for just the perfect car. He discovered a 1962 Valiant at Bob's Sharp Cars and fell in love. He was told the vehicle price was $599.00.

When Juan arrived home he looked at his contract and realized that the vehicle price was listed as $660.00. He immediately called Consumer Protection.

Answer: The investigator realized that Juan's case was weak when it was originally accepted. Juan had no witnesses, receipts or any other verification that he had been told that the cost of the Valiant was $599.00.

Bob's was contacted regarding the dispute over the price. The salesman denied ever promising the car for $599.00; in fact, according to his "recollection" the price was originally $699.00 and Juan has talked him down to $660.00

Frustrated the investigator closed the case.

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Consumer Law (continued)	

Discussion Questions:

- --What mistake did Juan make when he purchased the car?
- --If Juan spoke only Spanish, should the contract be written in Spanish?
- --Should a car dealer be compelled to hire Spanish-speaking salesmen so that the entire transaction can be conducted in Spanish?

Case 3: Freta vs. Shady Acres Apartments

Facts: On August 15 Flora and Freta toured a 2-bedroom apartment at Shady Acres which rented for $180.00 each month. Both the girls were students and short of funds, so the apartment management offered to give them 2 weeks of free rent. The girls accepted the offer and both signed the month-to-month rental agreement.

In early October Flora and Freta got into a terrible argument which resulted in Freta stating that she would move out. Since her rent had already been paid for October, she requested that Shady Acres refund her portion of the rent. The apartment management refused.

Answer: When Freta contacted the investigator and explained the problem, it was suggested that she attempt to recover her lost rent from Flora's new roommate on a pro-rated basis. The apartment management could not be held responsible when each tenant signed the contract to rent the apartment.

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Consumer Law (continued)	Discussion Questions: --Was Freta's complaint justified? Explain. --If you were the investigator how would you handle this problem?
	Effect on consumers	Brainstorm a day without laws (highway speeds, drinking laws, robbery, unlicensed doctors, lawyers). Discuss the following questions: --Why are laws important? --What laws protect you daily? --Do laws harm consumers? --What laws would you like to do away with (driving age, driving speed, marriage age)? Further discuss these by solutions (good and bad) and the consequences (good and bad).

Laws to Eliminate	Solutions (good and bad)	Consequences (good and bad)

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Effect on society	Read the attached **Ohio Laws...Be Prepared*. Discuss what would happen to consumers if they were not aware of these laws. Develop a role play situation concerning each of the laws.
SELF FAMILY SOCIETY	Laws that protect and inform the consumer	In groups draw one of the following questions to research through interviews or library work. A brief report can be given orally. What county and/or city government laws do the following services have to follow? How do these laws affect consumers? --Dog Pound --Water and Sewage Department --County Coroner --Auto Licenses What school laws (briefly) does the superintendent and board of education members have to follow and how do these affect consumers (students)? What laws do financial institutions have to follow? How do these laws affect consumers? What laws do housing contractors have to follow? How do these laws affect consumers?
PR	Reflection	In a round robin discussion, pose scenarios of what might happen in consumer situations if there were no consumer laws. Use practical reasoning to suggest alternatives and consequences.

223.

OHIO LAWS••• BE PREPARED

OHIO'S CONSUMER SALES PRACTICE ACT:

Ohio's Consumer Sales Practices Act* and other laws give you many consumer rights. These laws set standards which must be complied with in any consumer transaction. When these standards are not met, you may have the right to:

1) cancel the transaction, OR in many cases
2) sue and win:
    a) 3 times the actual damages, or
    b) $200
    WHICHEVER IS GREATER!
3) recover the attorney's fees, if the violation was committed knowingly.

*(Ohio Revised Code § 1345.01, et. seq.)

AUTOMOBILES

BUYING

When buying a car you MUST be given a "seller's affidavit" which verifies:

1) the accuracy of the odometer reading;
2) whether the odometer was altered, repaired or replaced;
3) whether the odometer represents mileage over the mechanical limit of 99,999 miles.

If the odometer has been tampered with and this is not stated in the "affidavit", then you can sue and recover triple damages or $1500, whichever is greater.

(ORC 4505.06, 4549.99,
and 4549.41—4549.51)

★ REPAIRING

When you take your car into a repair shop you have all the rights described under the next section on "Repairs and Services" on page 3. Also, when telephoning for assistance, towing, or repair, you MUST:

1) receive an oral estimate during the phone conversation and be advised that you have a right to receive a written estimate before any work begins;
2) be informed of the basis of any towing charge (e.g. cost per mile) as well as any other miscellaneous charges.

Before you have your car repaired, check any warranty or guarantee; some repairs could be free, or at least reduced in cost.

(OAC 109:4-3-13)

Source: "Consumer Survival Handbook", Ohio Public Interest Group.

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★ RUSTPROOFING

The term "rustproofing" can only be used if the firm guarantees the process with a warranty and agrees to repair future rust damaged areas to your satisfaction. The rustproofing firm **MUST**:

1) give you either in writing or by picture a description of the areas of your car that will be treated;
2) make any repairs within 30 days;
3) tell you within 10 days in writing if it has decided not to honor the warranty, and why.

Your claim **CANNOT** be denied because:

1) the damage is not extensive enough;
2) the cost of the repair is excessive;
3) you waited "too long" to report the damage (unless the warranty specifically states a time limit);
4) you have filed a claim in the past (unless the warranty specifically limits the number of claims).

There is no industry standard for rustproofing procedures or rustproofing chemicals. Without standards, each firm will have different practices, and warranties will differ. **READ THE WARRANTY** before you rustproof. **SHOP AROUND** for the best warranties and prices.

(OAC 109:4-3-15)

★ REPAIRS AND SERVICES

In any transaction where you need repairs or services, the supplier (seller, repairperson, etc.) **MUST** give you:

1) a written estimate of the cost unless the total cost will be less than $25 or unless you decline in writing to get an estimate;
2) a copy of any document you sign or initial;
3) an itemized list of all costs, including parts and labor, and the name of the individual making the repairs;
4) all replaced parts, unless you were initially told that you would not get the parts back.

The supplier **CANNOT**:

1) charge you more than 10% over the estimate (or, if not a car repair, more than $5 over the estimate, whichever is greater), unless you authorize additional repairs for a specified cost.
2) charge you for anything not directly related to the repairs or services (such as a charge for delivery or diagnosis) unless you were told about these charges beforehand;
3) claim a repair is needed when it is not.

> Doctors, dentists, and lawyers are not required to give you an estimate, but you should request one.

(OAC 109:4-3-05)

★ ADVERTISEMENTS

1) Any advertisement offering goods or services for sale **MUST** conspicuously state **ANY** exclusions, limitations, or conditions of the sale. For example, if there is an additional charge for delivery, or a requirement that a certain amount be purchased, or if the item is not available at all outlets, then the ad **MUST** conspicuously state that fact.

(OAC 109:4-3-02)

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2) If an item or service is advertised, then the seller CANNOT attempt to sell you a higher priced item by refusing to sell you the advertised item. If an item is advertised, then you have a right to see that item and to purchase it as advertised. If the seller has run out of the item, then you are entitled to a "raincheck" allowing you to purchase it later at the advertised price.

(OAC 109:4-3-03)

3) If an item or service is advertised as "free", then the ad MUST clearly spell out anything you must do to obtain it for "free". If the requirement is that you must purchase another item at its "regular price" to obtain the "free" item, then the required item MUST be of regular quality and the true regular selling price, not a higher price. Similarly, if an item is offered at "half price", then it must be sold for one half the price it is regularly sold for.

(OAC 109:4-3-04)

★ DELIVERY

If you have paid for goods to be delivered to you, then the seller has 8 weeks to either deliver the goods (or an adequate substitute) or to offer you a refund.

(OAC 109:4-3-09)

MAIL ORDER AND UNORDERED MERCHANDISE

If you have ordered goods through the mail, then the seller has 30 days to either deliver the goods (or an adequate substitute) or offer you a refund, UNLESS the advertisement stated that delivery would take longer. This rule does NOT cover services like photo/finishing, magazine subscriptions, seeds, growing plants, or C.O.D. orders.

> The Federal Trade Commission can fine businesses that violate this rule up to $10,000 per day.

If you receive something in the mail that you didn't order, consider it a gift. You are not responsible for payment.

DOOR-TO-DOOR SALES

1) Any door-to-door salesperson MUST immediately inform you that his or her reason for contacting you is to make a sale.

2) If you decide to purchase any item or service over $25, then the salesperson MUST give you BOTH written and oral notice that you have 3 days in which to change your mind and get your money back.

3) If you change your mind, then you MUST make the goods available for the seller to pick up. If the seller does not pick up the goods within 20 days, then they are yours, free of charge.

(ORC §1345.21, et seq.; OAC 109:4-3-11)

★ DEPOSITS

If you put down a deposit to purchase an item, then the seller MUST give you a dated receipt that specifies:

1) how long the seller will hold the item for you;

2) the cash selling price;

3) the description of the item;

4) whether the deposit is refundable and under what conditions.

(OAC 109:4-3-07)

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REFUNDS

You are entitled to a refund for any item which you purchased by cash or check and are returning in its original condition, UNLESS a sign was conspicuously posted stating an alternative refund policy or stating "no refunds".

(ORC §1345.02 (B) (7))

★ PRIZES

If you are notified that you have won a prize or are eligible to win a prize, then you are entitled to that prize with no additional charges (such as a service, mailing, or handling charge). You need not endure a "sales pitch" to receive the prize, unless you are told to expect this sales pitch when you are notified of winning the prize.

(OAC 109:4-3-06)

DANCING, DATING, MARTIAL ARTS, AND HEALTH SPAS

When you enroll for prepaid dancing lessons, martial arts instruction, computer dating, and health spa membership, you have many rights. Prepaid entertainment and training contracts MUST:

1) be in writing;
2) be signed by both you and the seller;
3) be attached to an explanation of how to cancel the contract.

The contract CANNOT:

1) run longer than 3 years;
2) contain any waiver of your rights;
3) require payment of more than $50 or 10% (whichever is less) of the contract price before the services are available.

You also have these RIGHTS:

1) the prepaid service MUST begin no later than 180 days from the date you sign the contract;
2) all information or materials of a private or personal nature (e.g. photographs, questionnaires, etc.) acquired from you MUST be returned within 30 days after the contract expires;
3) if the contract costs more than $200 or is good for more than one year, then you have 7 days after first signing the contract, or 3 days after you receive your first service, whichever comes first, to cancel the contract. You MUST be told when you sign the contract of your right to cancel. Your cancellation is effective upon the postmarked date of your letter. If you cancel, the seller is allowed to keep no more than ten dollars of what you paid.
4) if you become disabled, then you pay only for the portions of the contract used and you MUST be refunded the remaining amount.

These laws do not apply to prepaid entertainment or training services offered by universities or nonprofit organizations.

(ORC 1345.41-1345.50)

DEBTS AND CREDIT

DEBT MANAGEMENT

If you are in serious debt and seek the assistance of a "debt pooling" service or other agency, you CANNOT be charged for that service. For example, there is a Consumer Credit Counseling Service in your area that will counsel you and manage your debt without charge.

(ORC 4710.01)

DEBT COLLECTORS

A debt collector CANNOT:

1) call you at unusual or inconvenient times (in most cases between 9 p.m. and 8 a.m.), or call you at all if you are represented by a lawyer;
2) call you at work if your employer objects;
3) talk about your debt with anyone other than your legal or financial advisor, except with court permission;
4) harass or intimidate you through threat of violence, abusive language, continuous telephoning, or publishing your name;
5) pose as a lawyer or police officer, or falsely threaten arrest.

You can sue and win up to $1000 if these rights are violated.

(15 USC §1692)

YOUR CREDIT RATING

A business which refuses to give you credit because you have received a poor credit rating from a credit reporting agency **MUST** tell you the reason why you were denied credit, and give you the name and address of that agency. You may have an interview with that agency in person or over the phone. Someone of your choosing may also participate in the interview.

If, 30 days after your interview you have been denied credit, insurance, or employment because of this agency's report, then the agency **MUST** give you free of charge:

1) the actual information (except medical) it has about you;
2) the sources of this information;
3) the names of those who have received a report on you within the last six months, or the last two years if the report was for employment purposes.

You may demand to have this information reinvestigated. If the information is found to be inaccurate, or if the agency cannot prove that it is correct, then it **MUST** be removed from your file, and the people you name **MUST** be notified that it is no longer in your file.

If these rights are violated, you can sue for damages and lawyers fees.

(15 USC § 1681)

TENANTS AND LANDLORDS

RENTAL AGREEMENTS

1) Get all agreements **IN WRITING** whenever possible, and keep a copy;
2) Read all agreements carefully before signing;
3) If it's an oral agreement, keep all receipts and have a witness to the agreement;
4) Any clause in an agreement contrary to state law is not enforceable.

There are two kinds of agreements:

1) **LEASE**: a WRITTEN agreement that states a SET LENGTH OF TIME you agree to rent, a SET AMOUNT OF RENT, and is SIGNED by both tenant and landlord.	**ADVANTAGES**: the rent can't be raised and you can't be forced to leave without a good reason (non-payment of rent, lease violation, etc.). **DISADVANTAGES**: if you need or want to move out before the end of the lease, you may have to pay rent even after you are gone.

EM 3.13

2) **MONTH-TO-MONTH (or similar time period) AGREEMENT**: an ORAL or WRITTEN agreement that is BINDING FOR ONE RENTAL PERIOD and is renewed for one more period each time you pay rent. The period begins on the day you pay rent.

ADVANTAGES: If you want to move, all you have to do is give the landlord a written notice at the first day of the rental period stating that you plan to move at the end of the rental period.

DISADVANTAGES: the landlord can raise your rent, change the terms, or try to force you to leave by giving you a rental period's notice.

(ORC 5321.05 through 5321.14)

EVICTIONS

1) **THE NOTICE**: You may receive a three day notice from your landlord. This notice MUST say on it somewhere:

   > "You are being asked to leave the premises. If you do not leave, an eviction action may be initiated against you. If you are in doubt regarding your legal rights and obligations as a tenant, it is recommended that you seek legal assistance."

   You do NOT have to leave. If you choose to stay, your landlord may file for a court hearing.

2) **THE SUMMONS**: At least five days before your court hearing you will receive a summons from the court telling you when your hearing will be. At this point you should seek legal assistance.

3) **THE HEARING**: You should always attend your hearing. Some evictions can be stopped if there are local housing code violations and/or lease violations connected with nonpayment. Contact the local tenant union for assistance.

SECURITY DEPOSITS

Within 30 days after you move out, your landlord MUST:

1) return your security deposit in full, OR
2) give you a written notice which itemizes every deduction he or she made from your security deposit.

Your landlord may ONLY deduct from your security deposit the amount of damage you or your guests caused to the apartment. The landlord CANNOT deduct for normal wear and tear or for the repairs the landlord is responsible for (e.g. vandalism, weather damage, etc.).

> If your landlord has wrongfully withheld all or part of your deposit, you may sue and collect double damages and your attorney's fees.

To do this, however, you MUST have:

1) given your landlord written notice that you were leaving, a full rental period (or less, if your rental agreement specified a shorter time) prior to the day you planned to move out. You MUST do this on or before the day the last rental period's rent is due.
2) given your forwarding address in writing to the landlord.

To prevent possible problems, turn in the keys on the last day you have possession of the apartment.

> If your security deposit is more than one month's rent AND over $50, then the landlord MUST pay you 5% annual interest on the amount of the deposit exceeding the monthly rent, IF you live in the unit for six months or more.

(ORC 5321.16)

GAS AND ELECTRIC SHUT-OFFS

You CANNOT be disconnected by a regulated gas or electric company unless you are at least one month behind in your payments and have previous months' charges listed on your current bill.

To stop the utility from shutting you off, you can:

1) pay your previous months' bill. You do NOT have to pay your current month's charges;
2) contact the utility and get an "extended payment plan" that allows you to pay your total bill over a period of several months;
3) have a doctor certify that a shut-off would be especially dangerous to your health or the health of any permanent resident of your household. A phone call from a doctor to the utility will stop a shut-off for 7 days, by which time the doctor must send a certification form provided by the utility. This form prevents a shut-off for another 23 days, and can be renewed twice for another 30 days each time. If you have been shut off, a medical certificate will restore your service.

You also have these RIGHTS:

1) At ANY time you are entitled to work out a budget payment plan with the utility so that high winter bills are spread over the entire year;
2) Between December 1 and February 28, if you cannot pay your bill, you can prevent a shut-off by paying ⅓ of your total bill, but not more than 15 percent of your total monthly household income. Also, companies MUST tell you of sources of financial aid, BEFORE disconnecting you;
3) If your landlord fails to pay the utility bill, the utility MUST give you 5 days notice before shutting you off. A representative of the renters can collect enough money to pay the CURRENT month's charges. This will prevent a shut-off. The utility CANNOT collect from you any earlier bills not paid by the landlord. You can recover this money from the landlord through small claims court or other legal action.

If you are going to be shut off, the utility MUST:

1) give you fourteen days notice;
2) personally tell you on the day of your shut-off, or leave a written notice if no one is home;
3) shut you off during normal company hours, and BEFORE 12:30 P.M. IF the following day is a bank holiday or the company is closed.
4) tell another person before you are shut off, if you so request;
5) give you a way to stop the shut-off, such as directly paying the utility personnel when they come to shut you off;

If you think you are going to be shut off unfairly, the company MUST review its decision if you request it. You can appeal to the Public Utilities Commission.

(OAC 4901:1-18)

PERENNIAL PROBLEM What To Do Regarding Economics and Managing Resources

PRACTICAL PROBLEM What Should I Do Regarding Citizen Participation?

CONCERN/CONCEPT Consumer Responsibilities/Consumer Assertiveness--Organization

HOMEMAKING SKILLS

- Identify assertiveness related attributes
- Identify organization steps for planning group goals

PROCESS SKILLS	CONCEPTS	STRATEGIES
PROBLEM	Consumer assertiveness	Role play the following situations and identify ways the situations could be improved. --Impatient salesperson. --Young person who doesn't know how to talk to salesperson. --Buyer unable to make a decision between products. --Buyer unable to find assistance. Discuss and complete the chart below using the practical reasoning process.
PR	Action to take	(SAMPLE)

Buyer Solutions/Consequences	Seller Solutions/Consequences
Impatient salesperson 1. 2. 3. 4.	
Buyer unable to find assistance 1. 2. 3. 4.	

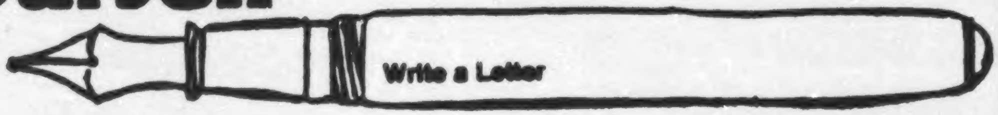
PROCESS SKILLS	CONCEPTS	STRATEGIES
	Consumer assertiveness	In groups, brainstorm the top ten most hazard-prone non-food items. Compare with list below, based on information collected by Office of Consumer Affairs. 1. Bicycles and bicycle equipment (including add-on features). 2. Stairs (including folding steps), steps, ramps, landings. 3. Football, related equipment and apparel. 4. Baseball, related equipment and apparel. 5. Swings, slides, seesaws, and playground equipment. 6. Power lawn mowers and unspecified lawn mowers. 7. Skates, skateboards, and scooters. 8. Swimming, swimming pools, and related equipment. 9. Nonglass tables and unspecified tables. 10. Beds (including springs, frames, bunk beds, and unspecified beds).
	Actions to take	Analyze a "Plan of Action" or guidelines that a consumer can take to be assertive. Make a bulletin board or booklet for the student body. Suggested Outline: Definition of Assertiveness Practical Reasoning Steps Examples of Case Studies Letters Telephone Calls Use example handouts as starters *Express Yourself, Sample Complaint Letter, Smart Action). Use the practical reasoning process to analyze the following situations as to whether the consumer or service given was at fault and what would have been a better solution.

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Actions to take (continued)	REPAIR CONS? Costly and slipshod repair services anger millions of consumers every day. "The repair employee is replacing the tax collector as the favorite villain of the consumer." --"He charged me $20 to fix our fluorescent ceiling light and it took him less than fifteen minutes." --A Toledo secretary who paid a television repair bill of $52 plus $18 for picking up and delivering the set complained, "That is highway robbery since the shop is only two miles away." --"I spent $75 going to five different mechanics before the last guy installed a 90¢ sparkplug wire." --"$10 for tightening up the plug of the dishwasher that goes into the wall." (These complaints are real but there are two sides to every story. The growing service industries now employ more than one-half of the nation's labor force. In almost every service area there is more consumer demand than can be met.)
	Consumer organization	Brainstorm in buzz groups instances when the students have accomplished more by working jointly. Have buzz groups compare and report findings. Do value clarification exercise with silent buzz groups placing puzzle pieces together ("Crazy T"). Discuss feelings about working cooperatively. Ask the following questions:

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Consumer organization	--What things are important in working cooperatively? (Communication, know tasks or job descriptions.) --Why do you feel it is better to work with others in some situations? (Productivity, pool resources) --What things do you think are important in forming organizations? (Goals of group, work actions of group, cooperativeness, communication.)
	Types of consumer organization: consumer cooperatives	Use the following list of cooperatives to see whether they function in the local community. Then identify whether they are selling, buying or service organizations or a combination. --Food co-ops --Drug (pharmaceuticals) co-ops --Gasoline (filling station) co-ops --Heat -- oil co-ops --Handcraft co-ops --Housing co-ops --Credit Union --Mutual savings and loan societies --Mutual savings banks --Mutual insurance associations --Group health co-ops --Optical co-ops --Memorial (burial associations) --Nursery (day care center) co-ops --Electric power co-ops --Trash collection co-ops --Income tax return co-ops --TV repair co-ops --Bakery co-ops --Furniture co-ops --Automobile Repair co-ops --Travel co-ops --Other Make a bulletin board of trade signs of the following cooperatives: --FTD -- Florists' Transworld Delivery --Credit Unions --Co-op opticians --IGA --Railway Express, Stock Exchange, Consumers Union, United Parcel Service, Nationwide Insurance, Landmark, Ohio Rural Electric Cooperative, Grange, Ohio Wool Growers Cooperative Association.

PROCESS SKILLS	CONCEPTS	STRATEGIES
	Organization: Steps to organize	Role play a non-cooperative group and a co-operative group. Follow up this concept by having students set up an actual class cooperative. Examples could be consumer education resource pamphlet, a candy sale, a simple product, junior achievement activities. Use the following steps to organize the cooperative. --The spark idea --Meet with potential members --Develop survey committee who judge whether cooperative is feasible --Second meeting for members to act --Organizing committee secures approval and legal status --First meeting of charter members, elect board of directors --Manager hired; start operations List various cooperatives under the following categories. --Government --Community --Social --Business and industry --School Report on some of the cooperatives listed under the teaching strategy above, defining their functions, strengths and weaknesses.
	Organization to planning	FHA/HERO -- Relate how FHA/HERO organizational patterns and steps would relate to planning a consumer organization. Use planning a consumer organization as an FHA/HERO community project to assist consumers (hot line book, how to write a letter of redress).

Express Yourself



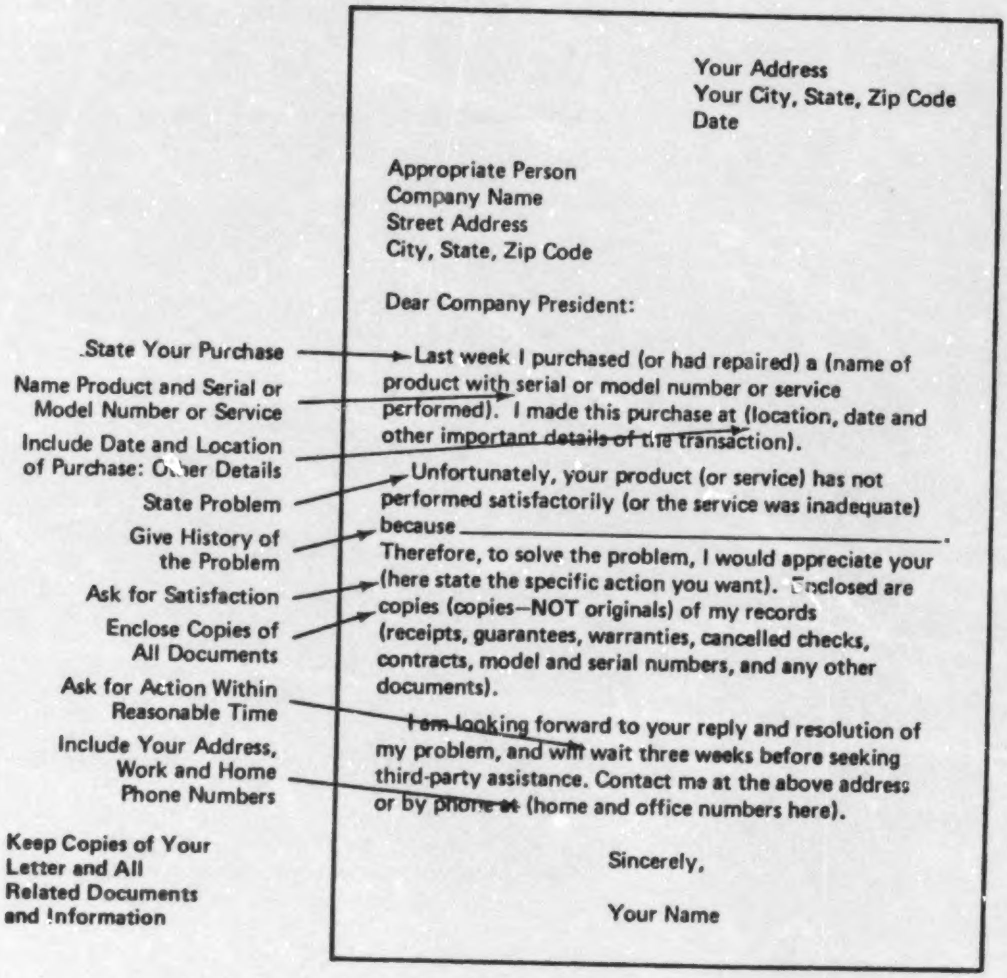
Writing a Redress Letter

To the Educator:
Ask each participant to use one of the Problem Profiles in this packet to write a redress letter.

Follow this Format .

1. Explain the problem carefully and briefly.
2. State when and where you bought the item or arranged for the service
3. Explain how the purchase is defective.
4. List the steps you have already taken to solve the problem.
5. Give as much specific information as possible, including style numbers, catalog numbers, order numbers, etc.
6. State what you believe should be done about your claim.
7. Keep a copy of your letter of complaint.
8. If you write a second letter, include a copy of the first.

SAMPLE "COMPLAINT LETTER"



State Your Purchase

Name Product and Serial or Model Number or Service

Include Date and Location of Purchase: Other Details

State Problem

Give History of the Problem

Ask for Satisfaction

Enclose Copies of All Documents

Ask for Action Within Reasonable Time

Include Your Address, Work and Home Phone Numbers

Keep Copies of Your Letter and All Related Documents and Information

Your Address
Your City, State, Zip Code
Date

Appropriate Person
Company Name
Street Address
City, State, Zip Code

Dear Company President:

Last week I purchased (or had repaired) a (name of product with serial or model number or service performed). I made this purchase at (location, date and other important details of the transaction).

Unfortunately, your product (or service) has not performed satisfactorily (or the service was inadequate) because ____. Therefore, to solve the problem, I would appreciate your (here state the specific action you want). Enclosed are copies (copies—NOT originals) of my records (receipts, guarantees, warranties, cancelled checks, contracts, model and serial numbers, and any other documents).

I am looking forward to your reply and resolution of my problem, and will wait three weeks before seeking third-party assistance. Contact me at the above address or by phone at (home and office numbers here).

Sincerely,

Your Name

Source: *Consumer's Resource Handbook*, Consumer Information Center, Pueblo, Colorado, 1979, pp 2-3.

SMART ACTION

1) Don't throw away bills, receipts, contracts, letters, envelopes, magazine or newspaper ads, brochures, faulty merchandise, or other items that may help you prove that you have been ripped-off.
2) If you think you have been ripped-off, then contact the merchant or company immediately about your complaint. If the person you talk to can't or won't help you, then demand to talk with his or her superior, and continue on up the line until you are satisfied.
3) Neatly **TYPE** your complaint letters, send all correspondence by certified mail, and keep copies.
4) If your complaint is not resolved in this way, then there are several agencies that may be able to help you if you contact them as soon as possible:

WHEN YOU NEED REPAIR WORK

RELIABILITY COUNTS MOST

When you have repair work done, make sure you are dealing with a reliable repairer and have a written contract so that you will know exactly what you are getting and the terms.

➡ All estimates should be in writing.

➡ All guarantees should be in writing.

➡ Guarantees should be clear as to what they cover and for how long.

➡ Inspect work before paying.

➡ Obtain receipted bill listing parts and labor.

IF YOU DON'T KNOW YOUR REPAIRER

✓ check with

BETTER BUSINESS BUREAU

PERENNIAL PROBLEM What To Do Regarding Economics and Managing Resources

PRACTICAL PROBLEM What Should I Do Regarding Citizen Participation?

CONCERN/CONCEPT Consumer Responsibilities/Consumer Representation – Participation

HOMEMAKING SKILLS

- Evaluate responsibilities as a citizen consumer
- Formulate plans for action for consumer representation

PROCESS SKILLS	CONCEPTS	STRATEGIES
PROBLEM PR	Public hearing	Hold a mock public hearing (class or school assembly) concerning a local community problem. (Water, pollution, playground for children, public pool, street or traffic light problem.) Have a local public official preside. Following the hearing, discuss and use the practical reasoning process to analyze the solutions and alternatives that were brought up at the hearing.
SELF FAMILY SOCIETY	Values, factors, goals	What values, factors and goals were involved with each of the alternatives? What are the consequences of each alternative generated to you, the family and society as a whole?

Alternatives/Solutions	Self	Family	Society

PROCESS SKILLS	CONCEPTS	STRATEGIES
PR	Expressing concerns	Brainstorm how citizens can exercise rights to express concerns. The exercise may generate the following ideas:

--Voting
--Letters
--Telephone
--Person-to-person meetings
--Letter to the editor
--Member of organizations
--Memeber of an advisory committee or board
--Testifying
--Media coverage
--Picketing
--Posters
--Riots

Using the practical reasoning process, determine in what situation the various "ways to express concerns" would be best to use.

Situation	Way(s) to Express Concerns	Consequences to Receiver	Self	Family	Society
Contacting a legislator					
Utility high costs					
Big business polluting					
All stores in town raising prices on same item					

PROCESS SKILLS	CONCEPTS	STRATEGIES
PROBLEM SOCIETY SELF FAMILY	Participation	Develop a "Consumer Concerns" survey to determine the consumer concerns of students, their families and community members. Step 1 Obtain Expert Advice -- Make contact with professionals who can help with designing questionnaires. Step 2 Determine what you (other consumers) want to know. Step 3 Identify sellers of targeted product or service Step 4 Develop and Test Questionnaire -- Assemble a group of people to answer the questionnaire to ensure that consumers will understand what is being asked. Step 5 Collect data Step 6 Interpret data Step 7 Summarize data and distribute. Using the practical reasoning process, interpret the data as it might affect self, family, community and business.